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# NANCIALTIMES

Why the U.S. steel barons are anxious, Page 12

**EUROPE'S BUSINESS NEWSPAPER** 

Tuesday October 25 1983

D 8523 B

### **NEWS SUMMARY**

### GENERAL

ARKITS

### Response to coup divides **Caricom**

Jamaica has delayed plans to send APPLE COMPUTER of the U.S. 250 soldiers to Barbados to join saw lourth-quarter earnings drop what appears to be a regional military response to last week's coup in

The build-up of troops from Barbados and Antigua follows attempts to isolate the new ruling military junta, but Jamaica's change of plan reflects the failure of the meeting of the Caribbean Economic Community at the weekend to agree on joint military intervention.

In Grenada, the 24-hour curiew has been relaxed during the day-time, although few people turned out to work. State radio has been warning of impending invasion by warning of impending invasion by wher Caribbean countries. Page 4
In London, Foreign Secretary Sir Reoffrey Howe said Britain and the Pages 26-28 warning of impending invasion by other Caribbean countries. Page 4 Geoffrey Howe said Britain and the U.S. were not planning to invade • TOKYO markets eased on Mid-

### Swiss move right

Switzerland moved slightly to the right in the general election. The right-of-centre FDP was the biggest

### Split in junta

Less than a week before the election, Argentina's ruling military junta is divided over when to hand over power to new civilian authorities. Page 4

### 'Special' Hong Kong

Chinese Foreign Minister Wu Xueqian said Peking would follow a special administrative policy when it recovered Hong Kong in 1997: It will remain as it is now, a centre for

### iranians attack

Iran said its forces launched the second phase of its new offensive, closing around the Iraqi border town of Penjwin. Iraq warned that this would be the last battle of the Gulf War. Page 3

### Schlüter survives

Danish Premier Poul Schlüter survived a threat to his four-party minority coalition Government by winning enough support for some of the main items in the 1984 bud-

### Tamils lose seats

Fourteen MPs in the Tamil United Liberation Front, Sri Lanka's main minority party, lost their seats after boycotting parliament for three months because they would not renounce claims for a separate Tamil

### Bank chief charged

Lee Hun-Seung, president of South Korea's Choheung Bank, was charged with 28 others in connection with a multi-million dollar scandal involving bribes and illegal

### Mass murder trial

Dennis Nilsen, 37, went on trial in London for six murders and two attempted murders. Police say he admitted killing 16 people and cutting up the bodies, some of which they found in drains at his home, but said he would plead diminished re-

### Briefly . . .

Researchers on the Soviet Far East island of Sakhalin spotted Asian grey whales, believed extinct since last century.

Storm hit a Guatemalan electricity tower, blacking out the country for haif an hour.

British Airways sought permission to fly Concorde flights between Mi-

Philippines cancelled the President Marcos golf tournament, to save

### BUSINESS

### Apple sharply lower in quarter

saw lourth-quarter earnings drop sharply from \$18.7m to \$5.1m, or 8 cents a share, but profit for the year was up 25 per cent at \$76.7m. Once fast growing, the company is now facing fierce competition, notably from IBM; the poor quarterly re-sults had been widely expected.

● LONDON: FT Industrial Ordinary index eased 4.5 to 685.3. Gilts were lower in cautious trading, with longs falling by up to 1/4. Report, Page 25; FT Share Information Ser-

vice, Pages 30-31

dle East tension, the cut in Japanese discount rate and the rise in U.S money supply. Nikkei Dow in-dex fell 58.82 to 9,269.16 and the Stock Exchange index was 5.01 lower at 675.97. Report, Page 25; leading prices, other exchanges Page 28

● DOLLAR improved in London to DM 26065 (DM 25825), FFr 7.955 (FFr 7.8925), SwFr 2.1175 (SwFr 2.0995) and Y233.25 (Y232.35). Its trade weighting was 128.3 (125.6). In New York it closed at DM 2.5992; FFr 7.935; SwFr 2.111 and Y232.77.

• STERLING fell 25 points to \$1.4995 in London but was other-wise firmer at DM 3.91 (DM 3.88), FFr 11.925 (FFr 11.85), SwFr 3.1775 (SwFr 3.155) and Y350 (Y349.25). Its Bank of England trade weighting was 83.6 (83.3). In New York it

closed at \$1.50£ Page 35 • GOLD rose \$2.25 to \$396,125 in London. In Zurich it was up \$1 at \$394.5 and in Frankfurt, up \$1.5 at \$395. In New York the Comex Octoher settlement price was \$398.3.

• SWEDEN is planning new rules for share trading, including making "insider trading" a criminal offence.

■ ISRAEL bank shares prices fell 17 per cent when tracing on Tel Aviv's stock exchange resumed after suspension, but Finance Minister Yigal Cohen-Orgad said government intervention had ended the dumping of bank stocks. Page 3

● SPERRY, U.S. defence systems and industrial products group, said net second-quarter earnings were \$31.1m or 60 cents a share, up from \$9m, and expects the trend to con-

 REDPATH Industries, Canadian subsidiary of the UK sugar refiner Tate & Lyle, plans to sell its 50 per cent interest in the loss-making Zymaize comany of London, Ontario, which makes fructose sweeten ers. The purchase is John Labatt, one of Canada's largest brewers which already owns the other 50

 SINGER, sewing-machine maker, saw its recovery continue in the third quarter. New income was \$8.8m, against a \$4.7m loss, for a nine-month net profit of \$17.7m, compared with \$360,000. Page 15

• EASTMAN KODAK, world's biggest photographic products group, is to shed 800 jobs in Colorado and Rochester, New York, the latest in a series of cost-cutting measures this

• SEABS ROEBUCK, world's big-gest general merchandise retail group, reported third-quarter earn-ings up 73 per cent to \$288.8m on revenues 19 per cent higher at \$8,93bn. Page 14

• NATIONAL INTERGROUP, parent of National Steel, fourth largest U.S. steel company, achieved a turnround to net earnings of \$18.2m in the third quarter (\$92.8m loss).

# Reagan and Mitterrand defend role of troops

BY REGINALD DALE IN WASHINGTON AND ROGER MATTHEWS IN LONDON

main in Lebanon to prevent a "ty-ranny of forces hostile to the West" from threatening the stability of the entire Middle East, including the vast resources areas of the Arabian peninsula".

The death toll from Sunday's bomb attack on the U.S. marine headquarters in Beirut last night reached 186, with 75 more wounded, some gravely.

French casualties from a similar attack minutes later are at least 23 dead, 35 missing and 15 wounded. President François Mitterrand said n Paris last night after visiting Beirut that France intended to keep its

· "On the spot I was able to feel the courage and composure of all," M Mitterrand said in a two-minute

The foreign ministers of the four countries involved in the multinational peace-keeping force, in-cluding Mr George Shultz of the U.S., hope to meet in Europe next weekend, the Italian Prime Minister's office announced. The venue has yet to be decided.

Although Mr Reagan did not name names, the White House made it clear that his references to hostile forces meant the Soviet Union and its Syrian allies.

Saddened and confused Americans were asking two main questions yesterday: how could it have been allowed to happen? and what are the marines actually meant to be doing in Beirut anyway? In Congress, Republicans and Democrats de-manded a reassessment both of the military role of the U.S. forces in Lebanon and of the overall objectives they were trying to achieve. The identity of those responsible for the Beirut bombs which killed upwards of 200 marines and French paratroopers is a question of obvious importance if the U.S. is to exact retribution. Full answers, however, may be difficult to come by. Since the start of the civil war in Lebanon in 1975 almost every year has produced its crop of political assassinations and devastating explosions against foreign embassies, party headquarters or simply opposing sectarian groups. Details, Page 3; Editorial comment, Page 12.

try to justify the marines' role in Lebanon as public anger mounted over the rising death toll. The figure may eventually exceed any single day's casualty toll in the Viet-

There has been great public anguish in the U.S. over the delay in announcing the names of the dead and informing the bereaved fami-

in Lebanon squarely in the context of efforts to maintain world peace and protect Western interests from Soviet encroachment. He insisted conflict that could lead to world The President moved swiftly to that peace in the Middle East was a war, he warned

A continued U.S. military presence in Lebanon was "essential for American credibility on a global scale," Mr Reagan told the national-

that the U.S. could not consider withdrawing its forces while their Equally, Mr Reagan said, the U.S. Mr Reagan used a meeting with could not increase the American regional newspaper and broadcast- force to the point at which it being executives to place U.S. policy came engaged in combat. That in Lebanon squarely in the context would involve fighting with Arab

ly televised session. He repeated

Sir Geoffrey Howe, the British Foreign Secretary, told the House of Commons that General Sir Fank Kitson, Commander in Chief of UK Land Forces, was flying to Being to review the security of the 97-strong British contingent in the multinational force.

He said Britain had no present intention of changing the size or role of its contingent. But this would be considered in conjunction with the other contributors to the

In Italy, the fourth member of the 5,700 member multinational force, the Prime Minister's office said a message had been received from President Reagan suggesting a meeting between the countries contributing troops.

Mr Reagan added yesterday that if General Paul Kelley, the marine commander, proposed sending more troops to fulfil the marines' mission, he would certainly take the recommendation seriously. Gen Kelley flew to Beirut yesterday to examine how the marines' defences could be strengthened.

Mr Reagan said that there was "strong circumstantial evidence" linking the bombing to other recent terrorist acts in Lebanon, such as the bombing of the U.S. embassy in Beirut last April, and that every effort was being made to find the

Continued on Page 14 siles in East Germany by modern, 75-mile-range SS-21 missiles. About,

# **New Soviet** missiles 'set for Europe'

BY ANTHONY ROBINSON IN LONDON AND LESLIE COLITT IN BERLIN

started preparations for the deployment of new tactical missiles in East Germany and Czechoslovakia: It described the move as "one of the planned response measures in case new American missiles are sited in Europe." It added: "They are directed at maintaining the equilibrium in the nuclear systems beween the Warsaw Pact and Nato." Confirmation that the Soviet

Union has decided to act on its often repeated threat to deploy new weapons is seen as the clearest evilence so far that the Soviet authorities have now given up hope that deployment of U.S. cruise and Pershing 2 missiles could be postponed beyond the Nato deadline of

missiles but Western defence officials believe it is partly a pretext for carrying out existing plans for the modernisation of Soviet tactical missile forces.

December 1983.

This programme has already re-sulted in the progressive replacement of the short-range "frog" mis-

THE SOVIET Defence Ministry 250 frog missiles have been deploy-yesterday announced that it has ed in Warsaw Pact countries for nearly 20 years.

The Soviet Union is also expected to go ahead with replacement of its 180-mile-range Scud missiles with the 300-mile-range SS-23 missiles. It is, however, uncertain whether the preparations now under way will also include the new 540-mile range SS-22 missile. This is the replacement for older SS-12 missiles which hitherto have been based in the western part of the Soviet Union but not in Eastern Europe.

The SS-22 is considered to be the nearest equivalent to the U.S. Pershing 2 missile. The Pershing 2s will be sited exclusively in West Germany and their short flight time and ability to hit targets in the western part of the Soviet Union The announcement is presented as a response to planned Nato deployment of intermediate range.

Western part of the warm of intermediate range.

Western part of the warm soil makes them the main target of Soviet hostility to the overall Nato modernisation

Unlike the Soviet SS-20 missile, however, whose triple warbeads cover the whole of Western Europe and much of Asia, the Pershing 2 does not have the range to hit Mos

Continued on Page 14

# Record earnings at GM show strength of upturn

BY TERRY DODSWORTH IN NEW YORK

third quarter as a result of strong consumer demand and heavy stock rebuilding. GM reported net profits of \$737m or \$2.33 a share for the pe-

U.S. motor companies, underline the continuing strength of the requarter, are still lagging well behind the 1.98m recorded in the in-

dustry's peak year of 1978. Sales rose by 23 per cent in the quarter to \$17.6bn, while net profits were up from only \$129m. In the same period of 1978, net profits ted to \$528m or \$1.84 a share. Despite this recovery in its world-tage of sales increasing to 4.2 per ry shipments amounted to 5.85m wide figures. Mr Roger Smith, cent from 0.9 per cent in the second units, an increase of 17.4 per cent,

GENERAL MOTORS, the largest chairman, warned that the group quarter of 1982. Interest payments U.S. motor vehicle group, yesterday still had "as far to go as it had also dropped from \$358.7m to reported record earnings for the come." While third quarter figures \$334.6m. represented a nominal record, in real purchasing power they were 8 per cent below the profits achieved

The figures, the first from the big forecasts for production during the rest of this year, it is known that it the continuing strength of the recovery in car sales, although GM's
unit shipments, at 1.8m for the ments figure might have been higher if it had been able to meet de- its deficit problem, the current ecomand in the dealerships, where nomic expansion could continue for

stocks were in low supply. Yesterday's results also reflect with net profit margins as a percen-

Mr Smith added that the company's profitability now looked as though it would be adequate for it in the same period of 1978, he said. to begin paying out on its employee Although GM has made no firm profit-sharing and incentive programmes, the radical new payment systems which were introduced in the effort to reduce automatic cost If the U.S. Government attacked

"five years or more," he said. For the first nine months of this the improved margins that have re-year, GM's net income amounted to sulted from the U.S. industry's cost \$2.4bn (\$7.73 a share), up from cutting efforts over the last year, \$818m (\$2.64 a share) in the same period of last year. Worldwide facto-

tween Jaguar, Dainichi Sykes Robotics, based at Preston, in Lancashire, north-east England, and Japan's Dainichi Kiko – has been given the full backing of the UK De-partment of Trade and Industry and the Japanese Ministry of Inter national Trade and Industry.

Continued on Page 14

USD

**JPY** 

### Jaguar in White House acts **UK-Japan** to speed IMF Bill robot joint BY STEWART FLEMING IN WASHINGTON

ternational Monetary Fund (IMF) with \$8.4bn - only to be attacked by Republican Party activists for vot-

step towards moving the IMF legislation through Congress.

Ever since the National Republi-

can Congressional Committee attacked the Democrats who supported the Republican President Reagan, the legislation has been stalled, with the Democratic Party leadership demanding a letter of apology from President Reagan before they would be prepared to sup-

FRF

PRESIDENT Ronald Reagan yes-terday sent a letter of thanks to W. Clausen, president of the World Democrat Congressmen who on Au- Bank, last month as "the most imgust 4 supported the Administra- portant financial issue on earth to

It has become an essential step in releasing a \$6bn bridging loan for the IMF from most of the world's ing to support communism. main central banks and Saudi The move is an essential first. Arabia, as well as vital to the IMF's ability to help with the developing country debt crises. Whether a letter from the Presi-

dent will be sufficient to ensure a smooth passage of the IMF legislation remains to be seen, however. Democratic leaders have been de-

manding an apology from the President, but senior Administration officials have described the letter variously as an "explanation" and a let-ter of thanks from the President.

### **Economic institutes sharply** criticise German strategy

BY JONATHAN CARR IN BONN

THE West German Government's momic strategy came in for unusually sharp criticism in a report issued yesterday by the country's five leading economic research in-

At the same time, however, the report forecast a doubling of the economic growth rate next year, to 2 per cent in real terms, with modest inflation and a growing current account surplus. The institutes complained that

there were growing signs that the "burnround" in economic policy promised by the centre-right Government amounted to no more than an effort to cut the state deficit. While that aim was worthwhile in itself, the report said, it should be

achieved by a tougher control of spending, not through an increase in taxes and other deductions. The institutes chided Bonn for allowing an increase in state subsidies next year, for failing to dispense with superfluous regulation and - in some cases - actually increasing bureaucratic obstacles to

been voiced by disappointed busi-nessmen, but the institutes made their points still more trenchantly. In a first reaction, the Association of German Chambers of Commerce expressed support for the re-port and warned Bonn that "no

more time should be lost." The Government has repeatedly stressed that it is sharply cutting its the current account surplus to total borrowing this year and next, thereby relieving pressure on the capital market, while handing on up to DM 8bn (\$3bn) in tax breaks to busi-

Further, the institutes' own forecasts indicate that West Germany may, on balance, be performing better economically next year than almost all its industrial rivals. The German real economic

growth rate of 2 per cent is likely to be exceeded only by the U.S. (4 per cent) as well as Japan and Canada (3.5 per cent). At the same time the West German inflation rate (3 per cent, as this year) should be lower than that

the Netherlands (2.5 per cent). The West German jobless total is likely to average 2.4m (around 10 per cent of the labour force) after an average 2.3m this year.

The institutes expect West Ger man exports to grow by 6 per cent in nominal terms next year, after less than 1 per cent this year, and more than the DM 10bn figure for

This strong boost to foreign sales has recently been predicted by West German companies them selves, but it remains subject to a

big questionmark. The new report made clear that only about 1 per cent real economic growth could be expected on average in Western Europe - which takes about half of West Germany's exports. In France, which is West Germany's biggest single customer. the economy is expected to stag-

The particularly high growth rate countries - like North America and prowth. of any country apart from Japan Japan – take a relatively small per-Part of this criticism has already and Switzerland (2 per cent) and centage of West German exports.

### venture in London JAGUAR, the UK quality car division of BL, hopes, with the help of a Japanese robot maker and a British company that specialises in advanced automated manufacturing systems, to show the world how robotics can be used in low-volume car manufacturing.

The three-way collaboration - beport the IMF legislation again.

Passage of the IMF legislation to permit the U.S. to make its contribution to easing the fund's strained

Even assuming the IMF Bill does begin to move, it faces obstacles CHF **AUD NZD** 

**DEM** 

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# SPD unlearns lessons of opposition years

A YEAR after losing office, West reluctant Germany's Social Democrat Schmidt had to fight hard and Party (SPD) is alienating many threaten resignation to keep the of its friends and giving ammu-

its back on the Nato nuclear mentary no-confidence vote, missiles strategy pressed by its and especially since March, former Chancellor, Herr Helmut Schmidt. It is also undermining election, Social Democrat oppo-some of its own hardest-won sition to the Nato strategy has achievements of the post-war period. Yet much of the party seems so euphoric about its release from the burden of coalition government that it appears not to notice its selfinflicted wounds.

Naturally, it is the SPD's attitude on the missiles issue from Socialist-led France to the Republican-governed U.S.
It is recognised that Chan-

cellor Helmut Kohl's centreright Government has the parliamentary majority, and evidently the political will, to go ahead with deployment of this year. But Western diplomats fears the SPD's growing repeat at the congress that he considers the "twin track" hostility to the Nato stance may have encouraged the Soviet Union to be less flexible in its

be avoided after all.

party behind him. But, since ition to its foes. last October, when Herr The party is not just turning Schmidt lost office in a parliawhen the party lost the general hardened at breathtaking

One regional SPD organisation after another has come out against deployment. Herr Willy Brandt, the party chairman, took the same stand in a speech to anti-missiles demonstrators in Bonn last Saturday. which causes most dismay Herr Egon Bahr, the party's among West Germany's allies, disarmament expert, recommends the West to accept the Soviet Union's latest offer in the Geneva negotiations.
In these circumstances, the

congress next month at which the SPD is due formally to decide its attitude on the missiles issue has come to seem

negotiations with the U.S. in the superpowers wasted too the hope that deployment might much time before and during the Nato "twin track" (arm of others, including Herr Hans and negotiate) missiles decision Apel, the former Defence

is now heavily against them. leadership back to office.

It would be wrong to suggest that the SPD leadership actively pressed the party to oppose deployment. On the contrary, the executive recomcontrary, the executive recom- tion the party won 38.2 per cent mended that the issue be kept of the vote and the Greens 5.6 open until the result of the negotiations is known. But it of enthusiasm that it is little wonder its advice has been ignored. The rank-and-file made the running and the "leadership" came floundering

much of the responsibility for this gradual breakdown of authority. Few would deny he has shown courage and the best of intentions as a former governing Mayor of Berlin and as Chancellor. But he seems temporarily attracted to ambiguity. "I believe in diversity and hence in doubt," he admitted in his speech on receiving the Nobel Peace Prize in 1971. It is a quality which appeals to many people, but it is clearly a dangerous one for a leader of a great

party. decision correct and will stick Since the SPD lost power, to it (despite his belief that Herr Brandt has been stressing that "there is a majority to the left" of Chancellor Kohl's Christian Democratic e avoided after all. the negotiations). He is likely Kohl's Christian Democratic From the first, the SPD gave to be supported by a minority Union (CDU). This is taken be Nato "twin track" (arm of others, including Herr Hans to mean that if the SPD could and negotiate) missiles decision Apel, the former Defence scoop up those voters now sup- West German rearmament and of December, 1979, only very Minister. But the party mood porting the radical Greens, as Nato membership. For much of

well as disaffected left-wing the time they could muster only liberals, it would come riding around 30 per cent of the vote.

This is a dangerous assump tion. In the March general elecper cent, against 48.8 per cent solutions is known. But it for the CDU and its Bavarian so with such evident lack ally the Christian Social Union. The liberal Free Democrats (FDP), who had switched from the SPD to support Herr Kohl, won 7 per cent.

In other words, the "majority to the left" did not exist—indeed it was even less available than the figures above imply. For if the SPD had radically adapted its policies to absorb Greens Greens voters, it would certainly have lost more of its traditional middle-of-the-road supporters. The March result simply confirmed a message delivered time and again by West German voters—that elections are won neither on the "left" nor the "right," but in the centre.

seems in grave danger of forgetting, despite its own bitter experience. The Social Demo-crats were in opposition for 17 vears continuously—from 1949 to 1966. For the first 10 years

they were not only advocating radical left-wing economic policies but bitterly opposed

Thanks to party strategists SPD gradually moved towards the centre and entered government-first with the CDU, later with the FDP. Three Social Democrat defence ministers, Helmut Schmidt, Georg Leber and Hans Apel, did much to reduce the latent tension between the party and the Bundeswehr (the federal armed forces). West Germany was generally seen as a reliable member of the Western alliance. whatever reservations other Nato members sometimes had about the course of Bonn's policres towards the Soviet Union

drifting back to the bad old days of the 1950s. Herr Brandt argues that rejection of missiles deployment does not mean the SPD is putting Nato membership itself in question.

and Eastern Europe.

Herr Wehner, who used to keep tight discipline in the parliamentary party, has retired and his successor. Herr Hans Jochen Vogel, is intellectually more able but in practice less effective. Herr Schmidt's health is poor and he is in his last neclinary transfer to the property of the property of the party of the par last parliamentary term. The new man who can put the SPD back on the right road is not

the Second World War, according to in mid-December, Mr Fleischer maintained that any

interruption to output would be a serious blow for BMW, which had not been able to match demand for its cars for several years. Its output

### Turnout at new low in Swiss elections

By John Wicks in Zurich

SWITZERLAND moved slightly to the right in last weekend's general elections, with losses made by both the Social Democrats and the Communist Party. The biggest winner was the right-of-centre Radical Democratic Party (FDP), with gains of three seats in the States Council (upper house) and at least three in the National Council (lower

Despite this, there will be no

change in the composition of the Federal Council, the country's seven-minister Cabinet. This body, whose members will be elected by a joint session of parliament on December 8, will continue with two ministers each from the FDP, the Social Democraits (SP) and the Christian Democratic Party (CVP) and one from the similarly right-of-centre Swiss People's Party (SVP).

The surprising feature of Swiss politics is that there are no surprises. The four confition parties have regularly warn more than have regularly won more than three-quarters of the total vote since proportional representa-tion was introduced for the Na-

tional Council 64 years ago.
Initial figures show that they will again occupy nearly 179 of the 200 National Council seats and every single seat in the 44-member States Council.

The stability of Swiss politics had one counter-productive ef-fect. Participation in the poli fell to below the poor level of 48 per cent recorded in 1979 to reach a new low. More and more voters obviously feel that the institution of a "grand coalition" stilles ef-lective parliamentary opposition – but realise that this will hardly change without a massive, and unlikely, growth of support for non-coaldion parties.

Within the narrow radius of change at the 1983 elections, the Radical Democrats have reason to feel pleased with their showing. The party, which in most cantons is close to the local "establishment," became the single largest grouping in the lower house, with at least 54 and possi-ble 56 seats, while improving its Senate contingent from 11 to 14.

### Banco Ambrosiano settlement eludes Vatican-state body

Italian state and the Vatican, set up last December to try to settle the dispute between them over the defunct Banco Ambrosiano, has failed to reach agreement

The search for a settlement. however, is understood to be continuing and has become if anything more urgent. This is partly because of the pressure from creditor banks of Banco Ambrosiano's Luxembourg subsidiary, Banco Ambrosiano

The formation of the joint commission was announced last Christmas Eve. It was intended to probe the relationship between the late Sig Roberto Calvi's Banco Ambrosiano, which crashed with \$1.30n worth of debts in June, 1982, and Istituto per le Opere di Religione (IOR), the Vatican bank, and to propose a settle-

Ranco Ambrosiano crashed because it could not recover the \$1.3bn lent to obscure com-panies which the Vatican admits to having owned, albeit un-wittingly. IOR, whose chairman is Archbishop Paul Marcinkus, issued letters of patronage on behalf of these companies in September 1981.

THE JOINT commission of the side, should have completed its that, if there were a settlement, funds handed over by the Valican to the liquidators of Banco Ambrosizno would be used to pay off the cloims of the foreign banks which lent about 4450m to Banco Ambrosiano Holding in Luxenkned

Tit. H

bourg.
The liquidators have refused responsibility for these debts, but have already made partial offers of artifement which have been rejected by the creditor

However, the joint commis-sion, which is believed to have presented its draft conclusions to the Italian Foreign Ministry, to the training retriging animally, in reliably understood to be divided. The Vatican representative is upholding the Vatican's line that the Holy See was hoodwinked by Sig Calvi and had no responsibility for the Ambrosiano crash.

The apparent faiture of the joint commission does not mean, however, that the issue

ITALY's current account deficit was L2,000bu in the first helf of this September 1981. year, according to the Bank of Italy.

The joint commission, comThe amount was incorrectly sinted posed of three men from each in yesterday's edition.

### West Germany opposes UK insurance move

BY PAUL CHEESERIGHT IN LUXEMBOURG

the European non-life insurance market again ran into stiff opposi-tion from West Germany at a meet-ing of EEC economy and finance ministers in Luxembourg yester-

A draft directive on the insurance market from the European Commission, generally supported by the UK Government, has been stalled in the EEC Council of Ministers since 1978.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, sought but failed to win a political commitment from the other EEC countries on movement towards a more liberal

BRITISH ATTEMPTS to liberalise insurance market. The issue, he said, "had been stuck in the mud for

too long.

The West German approach is that freer competition in the insurance market should be confined to industrial and treasport risks, leeving the consumer market untouched - a view that does not provide the degree of liberalisation which the UK Government has consistently sought.

West Germany yesterday also opposed the extension in 1984 and 1985 of interest rate subsidies to Ireland and Raly within the framework of the European Monetary

### More heat on Polish dissidents BMW sees threat of BY CHRISTOPHER BOBINSKI IN WARSAW

WITH ONLY seven days to go be that the authorities could see their weeks preceding October 19. fore Poland's amnesty for the Solidarity underground runs out, the authorities have stepped up their war of nerves to persuade as many activists as possible to drop clandestine activities.

The main prize for the Government, the four-man Solidarity un- run since July 22 anyone in hiding derground leadership (TKK), seems fated to elude the authorities, as Mr Zbigniew Bujak, the leader in Warsaw, and his colleagues are determined to soldier on in hiding.

The Solidarity leadership has also ignored publicly repeated hints FINANCIAL TIMES, USPS No. 109640, pub-Rished daily except Sundays and holidays. U.S. subscription rates \$420.00 per arroum. Second class postage paid at New York, N.Y. and at additional mailing centres. POSTMASTER: send address changes to: FRIANCIAL TIMES, 75 Rockefeller Plaza, N. Y., N. Y. 10009.

way clear to freeing the KOR dissidents, the seven Solidarity leaders awaiting trial, and others of more than 70 still in prison if the TKK grow as time ran out. were to emerge and cease to play a

Under the amnesty, which has or sympathisers above ground can count on charges not being brought the Sztandar Mlodych youth news-

the police by the end of the month. Quite often the police have told hinted that they should take advantive in the underground. tage of the amnesty before they find themselves in prison. Thus, until October 19, 443 people had reported in, 108 of them in the first in Warsaw for the first time since

The latter figure has no doubt disappointed the authorities who had been expecting the numbers to

Now the police can be expected to step up their activities persuading people to turn themselves in to bring up the numbers.

Significantly, yesterday's issue of if they report their own activity to paper ran an interview with an unnamed Interior Ministry official giving the Christian names and the people that their clandestine activi-initial of the surname of 17 students ties are no longer a secret, and then and staff at Warsaw University ac-

four weeks, 185 in the second four- he received the Nobel Peace Prize week period and 150 in the four earlier this month.

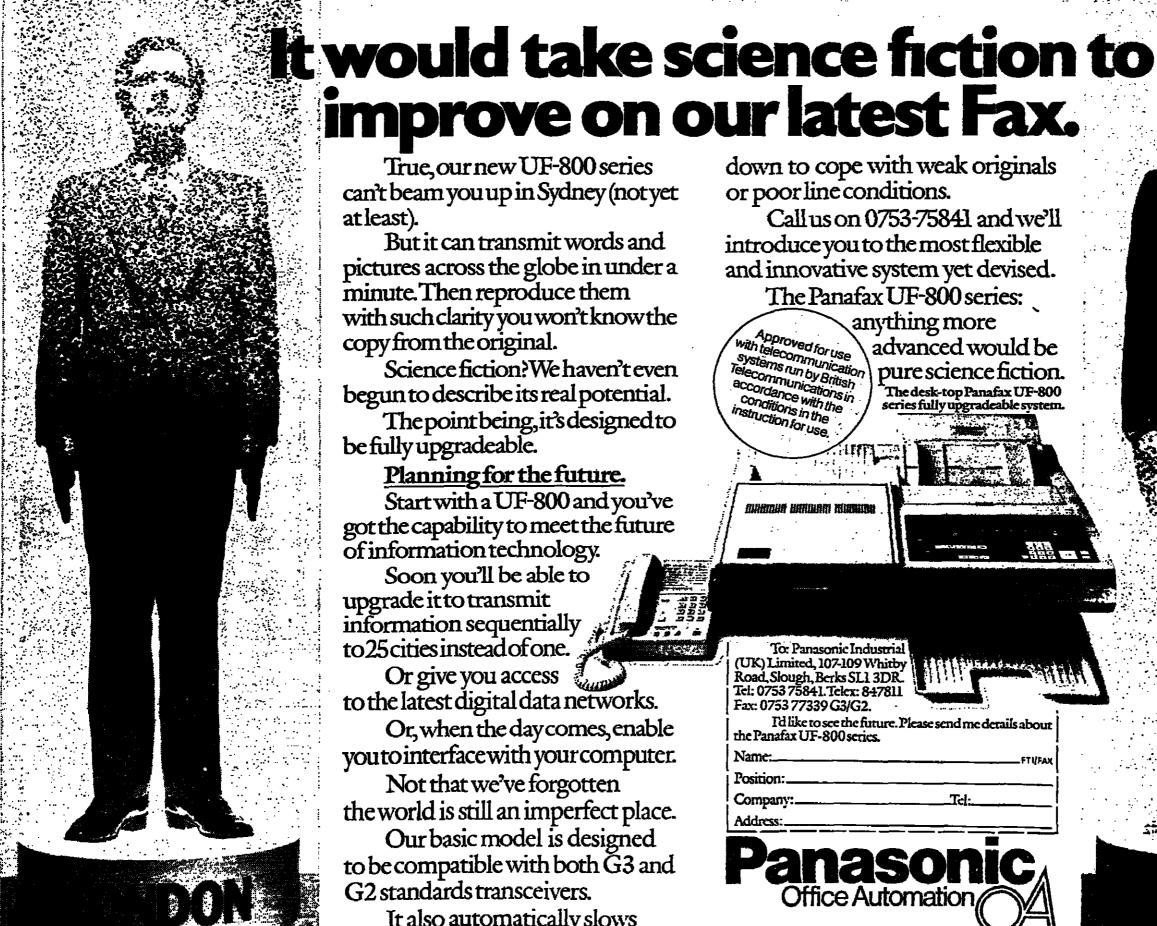
# industry-wide strike

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT THE WEST GERMAN motor indus- would help to cut unemployment. try is bracing itself to face the first. Talks with the management side of industry-wide strike since before the motor industry are due to start

Mr Klaus Fleischer, head of export sales for BMW, He suggested that the West German unions seemed determined to obtain a reduction in the working week from 40 to 35 hours. But industry as a whole was equally determined to resist such a move. There were indications, Mr Fleischer said, that the motor industry - because of its importance as an exporter - would be selected

as a prime target when the unions pressed their case. The unions want a 35-hour week make Saturday a normal working in all West German manufacturing day instead of one for which over-industry because they believe this time was paid.

between 450,000 and 460,000 from about 429,000 in 1983. Each day of stoppage next year would cost more than 1,800 cars. BMW was already working above its nominal capacity, he said, and was negotiating with the unions to



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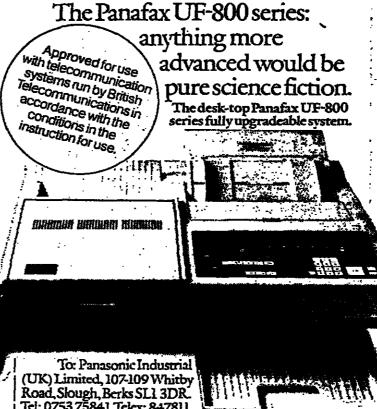
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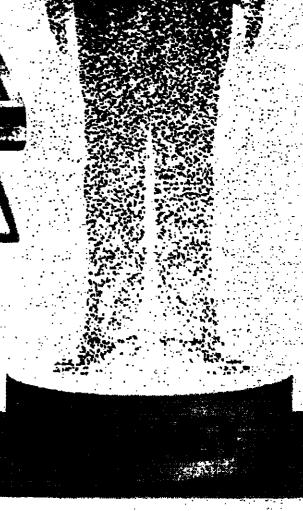
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### Saddened **Americans** round on Reagan By Reginald Dale, U.S. Editor

in Washington
SADDENED AND confused Americans were asking two main questions yesterday: how could it have been allowed to happen, and what are the marines meant to be

Reagan comes up with some satisfactory answers in the

there is sheer incomprehen-sion as to how a truck loaded with explosives could have forced its way through three guarded barriers to explode in the lobby of marine headquarters—particularly after security was meant to have been strengthened following the car bomb attack on the U.S. embassy in Betrut on April 18, which killed 63

experts were asking yesterday why there were no concrete "dragon's teeth," like those used by British forces in Northern Ireland, or even

Defence Secretary, that it is impossible to guard against a suicide attack, is widely

Senator Edward Kennedy, a member of the Senate Armed Services Committee, has already echoed public sentiment by calling for a committee investigation into what he describes as "an unbelievable breakdown in security.

The concentrated, static marine position at the lowlying airport is obviously exposed and vulnerable—the marines are "living in the

the marine corps was satisfied

are the marines meant to be doing in Beirut?
In Congress, Republicans and Democrats demanded a reassessment both of the military role of the U.S. forces in Lebanon and of their overall objectives.
Unless President Ronald Reagan comes up with some

next few days, he will face an entery from both the public and Capitol Hill legislators, se of whom are already blaming him At the most basic level,

people.
The U.S. authorities had reportedly warned that similar attacks were likely to recur, and several military

steel spikes, to stop vehicles penetrating the compound. The repeated response of Mr Caspar Weinberger, the seen as inadequate.

But only this menth Gen. mander, who flew to Beirut yesterday, told Congress that with its geographic position—given that it was dictated by

peace-keeping requirements.

Those who opposed the marines' mission in the first place are calling increasingly stridently for them to be withdrawn at once. But that is not so far the majority view on Capitol Hill, where even many of Mr Reagan's are warning

# U.S. determined to find who was behind brutal suicide mission

### BY PATRICK COCKBURN

THE IDENTITY of those THE IDENTITY of those The hitherto unknown Free Barajneh, very close to the responsible for the Beirut Islamic Revolutionary Movemarines at the airport, that the bombs which killed upwards of ment, which says that two of its paratroopers is a question of paratroopers is a question of obvious importance if the U.S.

The hitherto unknown Free Barajneh, very close to the Khomeini on the walls, women private soldiers in the 34,000-mov often wear the Hejab, the strong army are Shia.

Both the Iranians and Syrians of Divining and Control of Surface and together is like entering an guide on a recent visit consumption of the Khomeini on the walls, women private soldiers in the 34,000-mov often wear the Hejab, the strong army are Shia.

Both the Iranians and Syrians of Divining and Syrians are certainly capable of setting guide on a recent visit consumption.

But the proportion of the Khomeini on the walls, women private soldiers in the 34,000-mov often wear the Hejab, the strong army are Shia.

Both the Iranians and Syrians are certainly capable of setting guide on a recent visit consumption of the Khomeini on the walls, women private soldiers in the 34,000-mov often wear the Hejab, the strong army are Shia.

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Both the Iranians and Syrians are certainly capable of setting guide on a recent visit consumption of the Khomeini on the walls, women private soldiers in the 34,000-mov often wear the Hejab, the strong army are Shia. obvious importance if the U.S. is to extract retribution.

The full answer, however, may be difficult to come by. Since the start of the civil war in Lebanon in 1975 almost every year has produced its crop of political assassinations devastating explosions against foreign embassies, party headquarters or simply oppos-

filled trucks to the French and American headquarters, is probably linked to this group. For a year it has been split from main stream Amal, led by Mr Nabih Berri, which is the most important Shia movement. Based in Baalbek, so-called "Islamic" Amal is heavily influenced by the Syrians and Iranians.

The U.S. had been slow to appreciate the dangers to its men in Beirut because the most

headquarters or simply opposing sectation groups.

In the immediate aftermath of Sunday's attack, Mr Caspar Weinberger, the U.S. Defence Secretary, said that much of the circumstantial evidence pointed to the Iranians. In Beirut itself diplomats and marine commanders believe that the group most likely to be behind the assassinations is a faction of Amal, the Shia political and military grouping, which is based in the Bekaa valley to the east.

In the immediate aftermath the dangers to its men in Beirut because the most immediate threat to the dangers to its men in Beirut because the most danger to the dangers to its men in Beirut because the most dead because of what he had done for the cause.

On walls the most common poster is of Imam Mousa Sadr, who disappeared in Libya in 1978. His leadership of Amal kayer who has tried to improve the catepass of the Shia in Lebanon and not let his more are not a coherent paradead dead because of what he had done for the cause.

On walls the most common poster is of Imam Mousa Sadr, who disappeared in Libya in 1978. His leadership of Amal kayer who has tried to improve the population of under 3m people. They are the poorest group and are heavily concentrated in Lebanon and not let his more are not a coherent paradead dead because of what he had done for the cause.

On walls the most common poster is of Imam Mousa Sadr, who disappeared in Libya in 1978. His leadership of Amal Lebanon and not let his more a collection of vigilante groups whose loyalties vary from area collection of the cause.

The Shia, however, are the largest single sectarian to the done for the cause.

The Shia, however, are the largest single sectarian to the largest single sectarian to the lead because of what he had done for the cause.

On walls the most common poster is of Imam Mousa Sadr, was taken over by Mr Berti, a lawyer who has tried to improve the catepana and not let his more acceptance of the cause.

They are the position of the cause.

They are the position of the cause.

They are the positio

entirely different city and a pass is necessary from Mr Berri's

masks over their faces, man road blocks. There is no doubting their fanaticism and willing-ness to die. A middle-aged man, whose son had been killed in a gunbattle two days before told

rinually pointed to bullet holes in the walls of buildings, often office.

No regular army are allowed into south Beirut and Amal growth the American Sixth Fleet gunmen, often wearing black anchored offshore.

The suicide drivers who crashed their explosives-packed trucks in the American and French bases would not be difficult to recruit in this area. Furthermore Mr Berri's militiamen are not a coherent paramilitary force. They are rather a collection of vigilante groups whose lovalities vary from area.

Their arms and ammunition have in the past been mainly supplied by Syris but in the battle between the Lebanese army and the Druze Mr Berri told his men to stay on the sidelines. Government forces have remained out of south

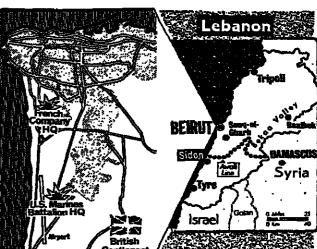
up Sunday's bombings. The Americans believe that they were also behind April's bombing of the U.S. Embassy in the Lebanese capital in which 60 people died, including many key staff members of the Central Intelligence.

staff members of the Central Intelligence Agency in the Middle East who were holding a meeting in the embassy when the bomb went off.

But explosives are not hard to come by in Beirut and violence is so common in Lebanon that Syrians and Iranians are not necessarily implicated by the circumstantial evidence cited by Mr Weinberger. Most Lebanese Moslems regard President Amin Gemayel's Government as strongly biased towards the Maronites and kept in business only by U.S. and French support. A small group of Shia could have carried out the bombings by themselves.

Nevertheless, the likelihood

Nevertheless, the likelihood must remain that the bombing



was done by a faction of Amal paratroopers indicates that who-strongly under Iranian in-fluence. The problem for the Americans is that the two suicide missions which killed so can devise.

### Italian

### continues

concern

THERE WAS continuing concern in Italy yesterday over the future of the 2,000

over the future of the 2,000-man Italian contingent in Lebanon and the proposed sending of a 400-man Italian observer force into the Chouf Mountains.

The inner cabinet of Sig Bettino Craxi, the Prime Minister, was due to meet last night to discuss the Lebanon. Sig Giovanni Spadolini, the Italian Minister of Defence, has postponed a visit to has postponed a visit to Britain in order to attend the

meeting. So far, Italy has avoided major casaulties in Lebanon, and it took a less assertive role in the September fight-ing than the U.S. and French

It was partly because of this that it was considered an acceptable participant in the observer force between Christian and Druze forces in the Chouf, to which Greece had also indicated its readiness to contribute.

But with the situation in Lebanon now uncertain and the sending of the observer force, which was awaiting for mal invitations from all the parties involved and the fulnow appears to be in doubt.

Members of the ruling five-party coalition were yesterday

taking a more cautious stance on the observer force. But Italy is unlikely to take a decision on the future of its troops in Lebanon before the proposed meeting of foreign ministers of the four countries which contribute to

### Rising death toll of the peace-keepers

BY OUR MIDDLE EAST STAFF

THE first attack on the multi-Beirut came nearly a year ago when a U.S. marine was slightly wounded by shrapnel from a

It was the start of a steadily escalating campaign against the peace-keeping troops which before last Sunday's bomb outrages had cost the U.S. marines seven dead and 60 wounded and the French contingent 18 killed and 34 wounded. The Italian force has escaped more lightly, while the small British con-tingent of 97 men has yet to suffer casualties suffer casualties.

The American, Italian and

French French forces originally entered Lebanon to oversee the withdrawal of Palestinian guerrillas from Beirut after the June 1982 invasion by Israel. After the successful evacua-tion of the guerrillas in August

and Chatilia. The purpose of the force was to provide protection for the civilian population most at risk, to give President Gemayel the

breathing space he needed to negotiate a withdrawal of all foreign forces from Lebanon, and to allow time for the and to allow time for the Lebanese Army to be requipped and retrained.

Its total force stands at about small numbers. They also pro-

ing by offshore, and the British

withdrawal agreement reached in May this year gradually drew the multinational forces into a more combative role as sniping and rocket attacks or their positions. By September when the Lebanese Army and Druze militias were heavily engaged in the Chouf mountains over-

Increased tension in the

country resulting from opposi-tion to the Lebano-Israel

looking Belrut, the intensity of the attacks forced the U.S. and French forces to defend themselves more vigorously. British, U.S. and French jets took successively to the air over the capital and U.S. warships bombarded Druze artillery seeking to force the Lebanese Army to pull out of the key town of Souk al-Gharb.

and despite anxious pleas from leaders of the Palestine Liberation Organisation, the multi-that Washington was not national force withdrew. But it attempting a peacekeeping role was back again within weeks but was actively slding with the following the massacre of Government of President several hundred Palestinian Gemayel.

The British contingent is stationed in disused apartment building at Close by an abandoned tobacco factory, the British position is an excellent observation post for looking up at the first ridge line to the east.

Its total force stands at about 5.700 men, with the French and Italians both contributing just over 2,000, the U.S. 1,200 with another 400 marines standwith another 400 marines standing by offshare and the British building. building

**Japanese** 

production

TOKYO — Japanese vehicle production rose by 39.2 per cent to a rounded 1.01m units in September from August and was up four per cent from a year earlier, the Japan Automobile Manufactures Accordates

turers Association said. This was the fifth consecutive

month of a year-on-year in-crease, the result of increasing

domestic and export sales, it

647,500 cars, up 6 per cent from a year earlier, 355,100 trucks, up 6 per cent and 4,400 buses, down 17.8 per

The September total comprised

vehicle

**up 39%** 

### Mitterrand shows revulsion at terrorism

FRENCH PRESIDENT François Mitterrand's one-day visit to Beirut was seen as a spontaneous gesture to show his profound emotion over the weekend massacre, in addition to apparently demonstrating France's continuing support for Lebanese President Amin Lebanese President Amin Gemayel's Government

President Mitterrand's decision to fly to Beirut is in keeping with the French Socialist leader's characteristically prompt response to major acts of terrorism.

He went to the scene of the

shooting massacre inside a Jewish restaurant in Rue des Rosiers in Paris in August 1982 in which six people died, and to Orly where several more people died this year after a bomb planted by Armenian terrorists exploded.

President Mitterrand sent M Pierre Mauroy, the French Prime Minister, to Beirut after the French Embassy there was attacked in May 1982. The sudden gesture by President Mitterrand won broad con-

census in France. Indeed, former President Giscard d'Estaing was often criticised for not reacting sufficiently promptly and emotionally to

President Mitterrand is understood to have decided to fly to Beirut on Sunday shortly after learning of the tragedy. His plans were, however, kept secret for security reasons.

Before the President left

early on Monday, M Charles Hermu, the French Defence Minister, and Gen Jeanmon Lacase, the Chief of Staff of the French armed forces, flew

for the bank shares. Some

see attitude may begin unload

It was also noted that one reason for the limited sales of

bank stock yesterday was that the Government and the banks

had put heavy pressure on in-stitutional investors not to sell

the inability of the banks to

continue their policy of sup-porting their shares. It was because they ran out of money to buy their own shares that the banks went to the Govern-ment earlier this month to

Taking the news from the

stock market as a good omen, Mr Cohen-Orgad said yesterday

that he believed the new eco-nomic programme being pur-

sued by the Government could

lead to a halving of the US\$5bn-plus balance of pay-

ments deficit within two years.

is not just a technical change we are talking about. It is a change which will require a

contribution or sacrifice from a broad part of the Israeli popu-

lation, who will have to reduce

But the optimistic sounds being made by the Finance Minister were not echoed at a meeting of the Knesset Eco-

their standard of living."

the Finance Minister said.

"It is not going to be easy,"

their bank shares.



Prench paratroops guard President Mitterrand as he visits the devastated area

terday. . renewe commitment to maintain the French military presence in Beirut. Although the French Com-

munist Party repeated, albeit in mild terms under the circumstances, its support for a French withdrawal from the Lebanon, the Government sought to present a united front for main-taining the French forces. France has found its position

The French political parties in the Lebanon increasingly that the have been unemimous in their condemnation of the Beirut end has clearly reinforced its

atrocity and the French Govern-commitment to maintain its Mauroy said the problem of the . where for the time be return of the French sideration.

The French Foreign Ministry yesterday also claimed that M Claude Cheysson, the French Foreign Minister, had been misinterpreted on Sunday when he made an ambiguous remark in Greece suggesting the latest attack could lead some people to worry whether the pres of French troops in Beingt was

M Cheysson, however, also said "France is not in the habit of giving in to pressure." Condemning the attack as "a hideous and cowardly act," M

from Behut was not under con-

• Guerrillas loyal to Mr Yasser Arafat, leader of the Palestine part in artillery duel and gun-Liberation Organisation, took fights near two refugee camps in north Lebanon yesterday and Lebanese security officials said there were casualties.

The pro-Arafat news agency. Wafa, said Syrian artillery units shelled the loyalist forces near the village of Rebnine 10

### the peace-keeping force. OTHER OVERSEAS NEWS

### Price of Israeli bank Iran in shares falls by 17% as trading resumes

BY DAVID LENNON IN TEL AVIV

THE PRICE of Israeli bank vote in the municipal elections, shares fell by 17 per cent when Not everyone was as certain trading resumed on the Tel Aviv as the Treasury and bank Stock Exchange yesterday after officials that yesterday's fall in a suspension of more than two price was the end of the troubles

Combined with the recent devaluation of the shekel, this means that, in dollar terms, the bank's shares bave lost more have been adopting a wait-andthan one third of their value. see attitude ing shares. fall of the shares of the four major commercial banks to 17 per cent by announcing that this was the price at which it was prepared to buy the U.S.\$140m worth of stock offered for sale. The Government intervention, through the Bank of Israel, is part of the Treasury's rescue
plan designed to stave off a colplan desig

new Finance Minister, expressed delight with the relatively limited amount of stock being sold. He said it indicated that the panic of two weeks ago when there was wholesale dumping of bank stocks and buying of dollars was over.

Like other Treasury officials, he attributed this to the arrangement worked out with the bank whereby the Government undertakes to purchase bank shares held by the public at the end of five years at the rate of 104 per cent of their dollar value on October 6 this year. Alternatively, the shares can be converted into Government-guaranteed high-yielding,

long-term savings schemes.
All orders for yesterday's trading had to be in by the previous evening to prevent any escalation of selling during the day, which might have led to a collapse of the market which is dominated by the bank shares. There will be no trading today as a national holiday has been declared to enable citizens to

### fresh thrust' against Iraq

By Our Middle East Staff IRAN said yesterday that it had launched a fresh thrust in its five-day offensive against Irau in the northern border region of the battlefield. The target of Iranian troops appears to be the Iraul town of Penjwin in the Kurdish

Penjwin is east of the Iraqi oil centre at Kirkuk which was repeatedly bombed by the Iranian airforce at the start of the war over three years

Arab diplomats had pre-dicted before the start of the latest Iranian attack that Iran might seek to threaten Iraq's remaining oil export pipeline in retaliation for the delivery Iraq of French Super-endard aircraft equipped

with Exocet missiles. The Iraci pipeline runs from the eastern oilfields through Turkey to the Medi-terranean and has a current capacity of about 760,000 barrels a day.

Iran claimed that its forces were advancing to the south, east, and north of Penjwin,

but Iraq said that it would crush the invading forces and predicted that this would be the last battle of the war. Both sides said that many hundreds of enemy troops had been killed in the latest fighting. Iran put total Iraqi casualties at over 4,000.

Iraqi diplomats said two

weeks ago that they were expecting another Iranian offensive and warned then that they would retaliate with all the means at their disposal. At the weekend Baghdad radio reported that the Iranian port of Bander Khomeini at the northern end of the Gulf had been mined, but there has been no inde-pendent confirmation of this.

# Sino-Soviet frontier may reopen

CHINA and the Soviet Union are negotiating to reopen their frontier in Central Asia to enable the first direct trade and exchanges between families there in 21 years. The border, which stretches

for 3,000 kms along the western flank of China's largest pro-vince, Xinjiang, has been closed since 1962 when the two Communist nations broke off rela-tions after rows over ideology. The mountainous frontier, which begins in the Pamir ranges at the edge of Afghani-stan—the so-called Roof of the World—is now guarded by hundreds of thousands of troops

on either side. Virtually the only crossings are by stray goats and the occasional spy. The closure has divided several races of people as effectively as the Berlin Wall. For thousands of Uygurs, Kazaks, Kirgiz and Tajiks, whose nationalities and traditional lands straddle the border, it has meant consention of femiliar meant separation of families and close friends.

Chinese foreign ministry officials in Urumqi now say, however, negotiations are under way in Moscow that may soon lead to a resumption of exchanges between relatives and state-level trade across the

BY K. K. SHARMA IN NEW DELHI

would not be possible unless they resolved the border issue over which they went to war in

The warning came as the two

sides met for the fourth time in three years in another bid to



"It may be that there will be some changes on visits between relatives when the new regu-agreed," said Mr Li qishun, a agred," said Mr Li qishun, a Foreign Ministry spokesman.

"There is a possibility of resumed border trade, and it is possible there will be some direct contact between rela-

between the two countries.

extensive preparations in anti- to the Soviet side of the border, often as several times a week.

cipation of an agreement to or take a train to Peking, north reopen the border in Central around the top of Mongolia and reopen the border in Central Asia at two posts which were important trade routes during the 1950s — at Turugart, near Rashgar in southern Kinjiang, and at Korgas, west of Urumqi.
Roads to the two crossing points have been upgraded, new storehouses and other buildings have been built and existing equipment has been repaired.
It is expected that Xinjiang will become an important chanel for barter trade between the two governments, the target for

year by about 170 per cent to Fruit and long-staple cotton are expected to be the main exports from Xinjiang, while glass and coffee are expected to be the main items to come from the Soviet Union. China has ruled out an early resumption of local border trade, but, more significant, at least for the local people, is the prospect of a re-sumption of exchange visits between the minority nationali-

which has been increased this

Those on the Chinese side hinged on the Soviet Union's giving concessions at the broader Sino-Soviet consultations now under way in Peking to explore ways to heal the rift to between the two countries. to Peking, then Moscow, then

then back down to the border

They are options which, in reality, have been open only to a handful of people who are determined and rich enough. In two decades it appears that less than 10 people have arranged visits from either side.

The border, which runs mostly through icy mountain ranges, is marked by an irregular line of concrete posts and rough stone mounds. But its closure is enforced by substantial numbers of troops. The Soviet Union has more than a million troops along its borders with China, while China is estimated to have more than 250,000 troops in Xinjiang alone. The only official communication along the Central Asian section of the border is con-

ducted at four posts, If either side has a dispute it must raise a plain red flag. Once the opposite side acknowledges by raising its red flag, a meeting will take place at a central point.

Li says that despite a buildup in Soviet forces in the area tension along the border has eased over the past two years. But he says meetings at the border posts can still occur as

### and adoption of terrorist tactics by Sikh extremists India tells China border issue is crucial

evacuated

French team

yesterday. he Karen National Union (KNU), a right-wing secessionist group, has claimed responsibility for the kidner ping, Reuter reports from



Li said any new agreement

China has already made back to Tashkent and take a bus

INDIA yesterday bluntly told inconclusive war over their border issue as being central to since it is convinced that it can the improvement of overall Sino-tions between the two countries and eastern India.

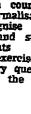
Indian relations, there are many Northern Ladakh and Arunachal Trade and cultural links were hurdles to cross. The Chinese resumed four years ago, but are known to want what they further progressive has been call a "package" deal which meagre.

India claims that Chinese tion as it is now. That is, they troops illegally occupy more want India to recognise that China than 14,000 square miles of its Northern Ladakh is part of

Northern Ladakh and Arunachal is sound. India has told the Chinese

that, although both countries seem to want normalisation, must recognise that national interests and strong normalise relations, which have territory in the Ladakh province China in return for recognising national sentiments were the noticeably cool for the past claims Arunachal Pradesh in integral part of India.

Two decades ever since the two countries fought a bitter and Although India regards the sector to be discussed separately, immediate issue,



### INDIA'S Home Minister, Mr P. C. Sethi, yesterday told MPs that he would soon invite Mr Harchand Singh Longowal, president of the Akali party of Sikhs, for talks aimed at settling the problems in the Punjab, writes K. K. Sharma in New Delhi. in New Delhi. Punjab has been put under direct rule from New Delhi following murders of Hindus

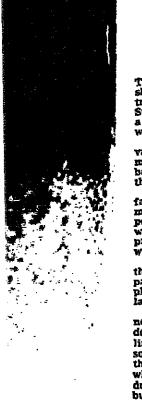
Talks soon

on Punjab

Several French technicians and their families have been evacuated from a cement factory project in south-east Burms following the kidnepping of a French couple by guerrillas, it was disclosed









# Nicaragua forced to save fuel after guerrilla attacks

a month for motor-cycles. The

THE Nicaraguan Government tures to cut fuel and electricity consumption following an escalation of sabotage attacks directed at key economisc targets by Right-wing U.S.back guerrillas.

From November 1 the working week will be cut to five days from five and a-half, street lighting switched off at midnight, air-conditioning in public offices reduced, and cuts made in diesel and petrol consumption by Government vehicles. The petrol rations for private vehicles will be cut by two gallons a month, from 20 gallons a month for cars, and 12 gailons

MR WALTER Mondale, the

former Vice President, ds mak-

ing a surprisingly strong show-ing in the South as he

campaigns for next year's Democratic presidential nomi-

nation.

Mr Mondale finished second,

with an impressive 35 per cent,

in Florida's Democratic presi-

dential straw poll at the week-

into third place with only 17

state party convention was won by Mr Reubin Askew, a former

who had to win in his home

state to stay in the race. But Mr Askew's 45 per cent was less

dale's recent endorsement by

the AFL-CIO, the country's largest labour federation.

other boosts in his bid to dispel

Mr Mondale received two

A newspaper poll showed him

to be first choice for the nomi-nation among Florida demo-cratic voters, with 32 per cent.

against 26 per cent for Mr

in South

taxi ration will be cut by 1 galion a day from 5 gallons. Nicaragua imports all its fuel requirements of 4.6m barrels per year from Mexico. Attacks on storage and unloading facilities at the ports of Corinto and Puerto Sandino recently came close to seriously disrupt ing supplies. This, coupled with guerrilla threats to attack Mexican tankers bringing oil to Nicaragua, pushed up freight rates for a 120,000 barrel load from US\$90,000 to OVET US\$350,000. Some ship brokers have been giving quotes of up to US\$800,000, according to off-

The Government warned at the weekend that it may have to evacuate the entire 25,000 population of Corinto to protect them from further attacks, Fire fighting experts said that if the attack which destroyed 2m gallons of diesel fuel had hit gasoline and aviation fuel tanks the entire port and most of the neighbouring town would have been destroyed.

Meanwhile an air attack on the new 35 MW geothermal electricity plant of Momotombo, located 40 km north-west of the capital, was repelled by anti-aircraft fire on Friday night, cials of Petronic, the Nicara- according to the Govern

### Argentine junta divided Mondale makes good showing on handover of power By Reginald Dale, U.S. Editor in Washington

BY JIMMY BURNS IN BUENOS AIRES

WITH LESS than a week to go before the national elections, Argentina's military junta is divided over when it should actually hand over power to the new civilian authorities.

It emerged over the weekend that a plan to bring forward the formal self-dissolution of the junta to some time in the first half of December and not January 30 as originally planned was being opposed by end, pushing his main rival, Senator John Glenn of Ohio. parts of the Army.

The new date is understood As expected, the poll at a to have the strong support of the Air Force after being earlier backed by the parties Florida Governor, an outsider and civilian advisers to the who had to win in his home Army-led Ministry of the

The Air Force, which has than he had hoped for, and taken a strongly nationalist line some of his delegates were on the debt question, wants the thought to have switched to Mr Mondale, following Mr Monparties to be brought in as soon as possible into talks with Argentina's foreign creditors to awaiting a final decision from the junta the Air Force is other boosts in his bid to dispet the impression that he is too liberal to carry the South, which plays a significant role in the nominating process administrative posts within 30 days of polling day on October believed to have already advised all its members to with-

The Army high command, however, would like more time to negotiate with the incoming government on some key aspects of its programme. It Askew and 19 per cent for Mr has yet to be won over to the capital's Lezama Park,

argument that an excessively lengthy transition period could prove a further destabilising factor in an already volatile political situation.

Some Army officers are worried apparently by the sweeping military reforms and the airing of the human rights question being promised by the radical party and to a lesser extent the Peronists.

In a rally on the outskirts of Buenos Aires on Sunday night Sr Raul Alfonsin, the radical presidential candidate, said that he would take all the measures he felt necessary to put the armed forces firmly under the control of his government if elected. The radicals are proposing significant cuts in defence expenditure, a scrapping of military service and a major shake-up of the internal intelligence services. intelligence services.

Recent opinion polls are showing that the radicals are close to upsetting the political hegemony of the Peronists although campaigning week will have an impact on huge rallies both major parties are planning for Buenos Aires this Sunday as a test of public

In a related development over the weekend, Sr Augusto Comte, a human rights lawyer and candidate for the small Christian Democrat Party, drew thousands of supporters to the

### Caricom disagrees on Grenada task force

By Carrute James in Kingston LEADERS of the Caribbean Recommie Community have failed to agree on joint military intervention in the troubled Eastern Caribbean island of Grenada following last week's military coup

As a result, Jamaica, which supports intervention, delayed plans to send 250 soldiers to join forces gathering in Barbados in preparation for a possible military response to events on the icland if agreement is eventually achieved.

The build-up of soldiers from Barbados and Antigua follows increasing efforts to isolate Grenada's military junta, which took power after the army executed Mr Maurice Bishop, the Prime Minister, and several of his cabinet ministers. In addition to Jamaica,

intervention was supported by Barbados and the Wind-ward Islands, It was rejected by the Bahamas, Belize, Guyana and Trinidad and

The Caricom leaders meeting in Trinidad over the weekend agreed, however, to cut off scheduled air and sea links until the junta gave an undertaking to return the country to civilian rule. The country to civilian rule. The leaders said they would refrain from dealing with the revolutionary military council in Grenada headed by General Hudson Austin and instead use as their point of contact the Head of State, Governor General Paul

Meanwhile, Grenada's military leaders yesterday morning lifted partially a curfew imposed after the coup but reports from the island said there was very little activity on the streets and that this was mostly military.

Schools remained closed as were most stores and privately owned businesses. In government offices there was a high level of absenceism, reports said.

Charter flights were going into Grenada today to evacuate foreigners, mainly tourists, who have been stranded there by the effects of the curfew and the ban on Caribbean obligations are a useful lever, Robert Graham reports

# Britain plays its Belize card

THE DESPATCH of the British destroyer HMS Antrim, accompanied by a support tanker, to stand off the troubled former colony of Grenada has high-lighted Britain's continued residual interest in the Caribbean.

Although the decolorisation process is virtually complete, strong obligations remain in the area — nowhere more so than in Belize on the Central American continent with a strategic Caribbean coastline. Britain currently has a garrison of 1,600 troops and airmen in this former colony. It is not widely cnown that this is the largest permanent military presence of an external military power in

Central America.

Four Harriers, helicopters and RAF support personnel plus army units are there by agreement with the Belize Government, staying on after this nation of 150,000 inhabitants gained independence in 1981. The commitment, at least in public, is an open-ended one, despite recent reports that the Margaret Thatcher, is anxious to pull them back soon, there is no evidence that policy has changed. Both the Belize Covernment and Britain recog-nise that the military presence is a potential embarrassment and has little long-term relevance for Britain's defence or diplomatic needs in the regions. The question all along has been only when it was appropriate to

The principal reason for the presence of the British garrison is Guatemala's claim to a large chunk of Belize's coast line. Guatemala has never recognised independent Belize and from tration for its part, is reluctant deals with El Salvador while time to time has made war-like to contemplate a military one in Costa Rica handles

moves, such as mobilising forces presence in Belize and agrees on the border. British diplomats have little doubt that the British military presence has

Although Britain has no relations with Guatemala, only a representa-tive of British interests in the Swiss Embassy, the Guatemalan authorities have recently become more friendly, and a reasonable working relationship has been established with the right-wing military regime in Guatemala.

served as a deterrent.

This stems from the fact that British troops have been actively co-operating with Guatemaia in patrolling the border and monitoring the Belize coastlino to prevent infiltration by left wing guerrilla movements and impede seaborne supplies of weapons from Cuba.

As guerrilla activity inside Guatemala continues, the authorities there have come to place considerable reliance on British co-operation, Thus, far from exerting pressure on the British forces to leave, the Guatemalans are keen that they should stay-or, at second best. that they should be replaced by U.S. troops. The U.S. Adminis-

with Guatemala on the need for Britain to say on.

So while the original reason for the British presence has faded the pressures from other interested parties for Britain to ctay on have grown. This has provoked suggestions that Mrs Thatcher has taken advantage of her leverage to ensure the U.S. holds back from significant rearming of Argentina. While any sort of "blackmail" is denied by British officials, the British undoubtedly have made the point that Britain is doing the U.S. and its allies a favour in Central America and expects

recognition in the way the U.S. behaves over Argentina and the Falklands. Behind all this is an unpublicised debate within the Govern-ment over Britain's policy towards Central America. The big military commitment in Belize contrasts starkly with the paucity of British diplomatic representation in Central

Britain has no permanent representative in El Salvador or Nicaragus, the two principal areas of current tension. small embassy in Honduras

Nicaragua. This is recognised by the Foreign Office as unsatisfactory, Britain relying very u.S. assessments and much on U.S. assumes as and information on those two coun-ties. Of all members of the EEC, Britain agrees most closely with U.S. Central American policy.

An impection team from the Fereign Office recently toured the region and is understood to have favoured introducing a British diplometic presence in both El Salvador and Nicaragua, with the latter a priority. A with the latter a priority. A decision in early summer was reportedly abelied because of Mrs Thatcher's reluctance to he associated with a gusture which the laft-wing Sandiniata government might exploit as a sign of British friendship. It was then decided that if a move was to be made it had to coincide with the opening of an embassy in war form El Salvador. Since then arguments over fands and then arguments over funds and budget restraint have stalled a decision.

The potential destabilising effect of a British pullout from the region is implicitly recognised by other states there, in particular the Contadors group, which is trying to mediate in El Salvador and Nicaragus. This group, comprising Costs Rica, Mexico, Panama and Venezuela - has produced a peace formula calling for the withdrawal of all foreign troops and advisers from the region. But it has made no mention

of Britain and Belize, and the group's public statements appear mainly simed at the Cuban military advisers in Nicaragua, Americans and Argentines in Fonduras and Americans in Fonduras and Americans in Fonduras and Americans in Et Salvador.

### Chile seeks to ease IMF accord terms

BY MARY HELEN SPOONER IN SANTIAGO

TEAM from the International expected to discuss the issue team over whether to abandon Monetary Fund has arrived in Santiago to examine Chile's an easing of the budgetary deficit restrictions contained in its IMF accord.

The accord, signed earlier this year, provides for a maximum budget deficit of 2.3 per cent of Chile- gross national product. Chile is seeking to increase this limit to 5 or 6 per cent next year in order to stimulate economic growth through increased government

The DIF delegation is also

of Chile's three-tier exchange the free market models, followed ment is 70. The IMF is thought to favour a unified exchange rate, or having the Chilean govcriment count the spread between the parallel market and the official rate as a subsidy.

The IMF visit occurs at a time of considerable discord within the regime's economic their resignations.

rate. The official rate is hover- since the mid-1970's. A fortnight ing around 84 pesos to the U.S. ago the Finance Minister, Sr dollar, while the legal parallel Carlos Caccres, who has come market rate is around 92 pesos under increasing criticism, to the dollar and the central offered to resign but was re-bank rate for dollar debt repay appointed by General Pinoches. appointed by General Pinochet. Chile's budget director, Sr Martin Costabal, central bank vice-president Sr Daniel Tapia and the assistant director of the state Plannia; Ministry and the president of Chile's securities and exchange superintendency are also reported to have offered

### Uruguay groups step-up protest

URUGUAY'S opposition groups at the weekend expended their military government's economic campaign for champes in the programme and an early return to democratic rule, writes our Foreign Staff.

In Montevileo, where over half of the country's 2.7m inhabitents live thousands of protesters took to the streets banging empty pots and chant-ing anti-government slogans after a symbolic haif-hour black-out had left the bulk of the city's residential area in darkness. This was the third monthly "day of national protest" to be staged this year.

### WORLD TRADE NEWS

### **Brazilian contractor** seeks \$200m war damages from Iraq

BY ANDREW WHITLEY IN SALVADOR, BRAZIL

MENDES JUNIOR, the leading Mendes Junior was compelled Brazilian international contrac- to switch its supply routes for tor, has submitted a claim for the import of cement, railway \$200m (£133m) in war damages lines, locomotives and rolling to the Iraqi Government.

building a \$1.2bn railway line articulated trucks bought to in Northern Iraq, as a result of handle the transport of the three-year war with Iran. the three-year war with Iran.

Sr Murillo Valle Mendes, president of Mendes Junior international, began talks with the parent company, has ceremonially inaugurated the first stage of a \$400m oil platform destined for the Pampo oil field in Brazilia.

contractor is a strong favourite to win another major railway contract in Iraq, worth \$2.6bn, in a joint venture with Hyundai of South Korea.

However, company officials said here they felt the project, to build a double-track line between Baghdad and Basra, Iraq's main commercial port at the head of the Gulf, was unlikely to go ahead until the war ends. Basra has been out of action since 1980, when it was least one destined for the Pampo oil field in Brazil's Campos besin

The 11,800-tonne steel jacket is the last in a series of seven ordered by Petrobras, the Brazilian state oil company.

Work on the deck and modules to be placed on top of the \$140m jacket will be finished by the end of the year.

Foreign orders are being and Argentina, and the company hopes to win at least one ends. Basra has been out of and Argentina, and the com-action since 1980, when it was heavily bombed by Iranian war planes.

Algertina, and the com-pany hopes to win at least one of the two platform contracts. Petrobras is expected to let in

planes. Feuro When the war broke out, 1984.

Saudi Arabia.

**Hungary wins \$10m bus** 

HUNGARY'S MOGURT foreign the construction of a 130-km, 33

gg.6m). factory in Gödöllö, Hungary, The buses are to be used for has won a contract to supply

Kuwait's services to Iraq and Brazil's Companhia Auxiliar das

The Hungarian Transelektro with 100,000 household electric

contract from Kuwait

conditioned long-distance Ikarus contractors. 250-model buses worth \$10m Ganz comp

foreign trade company has been meters.

chosen as general contractor for

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Japanese LNG scheme

the entire 40 per cent foreign equity planned for Thailand's liquefied natural gas (LNG) export project, Mr Sivavong Changkasiri, head of Thailand's Mineral Resources Department, said yesterday, stock from Basra to Jordan or The company said the claim was in respect of additional costs it had incurred while had incurred while had in Jordan and a fleet of handle the transport of materials and equipment across Reuter reports from Bangkok-

Exports committee

Japan's International Trade and Industry Ministry has set up a committee to monitor exports of Japanese goods, Reuter reports from Tokyo. It is part of the Government's

New cars 'ceiling' trade company and the Ikarus kilovolt power-line in the United bus company have signed a contract with Kuwait Transport Brazilian and Japanese company to deliver 120 air-

reports from Tokyo. But Trade and Industry Ministry officials said Japan cannot agree to a U.S. request for a ceiling of 1.8m cars.

The meters are said to be of a

new, more accurate design which uses less energy. The contract is worth approximately Ganz's ship and crane works are to deliver a 700 hp tug boat and two launches to Syria worth some \$1.5m. The Hunreports from Brussels.

garian foreign trade company Chemolimpex has signed a contract with a Turkish firm to deliver 30,000 tonnes of nitrogen fertiliser worth nearly

Ganz company's electric meter

Empresas Electricas Brasilieras

# Thais offer 40% stake in

JAPAN'S Mitsubishi Corpora-tion and a consortium of Mitsui and Co., Sumitomo Corporation and Marubeni Corporation have been offered

The offer was made during a meeting between the Japanese companies and the Thai LNG Company, a wholly-owned Thai company appointed by the Government to handle the production and export of LNG from the Gulf of Thailand.

The Thai company, which will hold 60 per cent of the equity in the \$35n project, is 25 per cent government owned. Thailand expects to start exporting LNG by 1990.

economic package, announced last Friday, to stitudate the domestic economy and reduce the trade surplus, expected to rise to about \$30bn in the year ending next March.

Japan will tell Mr William Brock, U.S. trade representa-

tive, the new ceiling on Japanese car exports to the U.S. for 1984 when he arrives later this month, Reuter

EEC reaction

European Community officials said yesterday that the effects of Japan's latest economic measures on cutting Tokyo's trade deficit with the EEC will be less than the \$200m originally estimated, AP

EEC officials gave the \$200m figure as an initial reaction to Tokyo's latest economic package, which in-cludes plans to lower import tariffs on more than 40 items. Airlines battle to clear the doldrums

THE WORLD'S airline industry charges) at a time of declining. leaders are meeting in New or at best stagmant, traffic.
Delhi this week amid signs of
an improvement in their finanHammarskjold, director-general cial fortunes, but they are of the lata, calls "rigorous deeply aware that they still have cost discipline" can be seen in a long way to go before they the industry's overall cash are out of the recession that results. has hit them hard since 1979.

To the end of this year, the losses on direct operating cumulative losses of the 124. account (that is, before interest member airlines of the Inter-charges) incurred between 1980 national Air Transport Asso-ciation (Iata) will have operating profit of about \$500m, amounted to about \$7.1bn on total revenues of \$38.35bn, is (£4.6bn). This year's overall loss, after meeting interest pay-rise in 1984 to an operating ments on fleet and other reequipment programmes, will amount to about \$1.2bn, with further losses forecast of \$750m in 1984 and \$250m in 1985.

Severe cost-cutting exercises, which have reduced staffs, replaced managements, cut routes, reduced aircraft fleets and eliminated unwanted assets buildings, have meant that most of the airlines have managed to survive, and are now much leaner and tougher than they

Airlines that have come through this exercise include Air-India British Airways, El Al Air-India British Airways, El Al in 1980, and since then have 32, and the of Israel and Pan American, to climbed to an estimated \$1.7bn likely to be this year, with further rises to craft level. St.85bn forecast for next year and to \$1.85bn forecast for next year and to \$1.9bn in 1985.

The effect has been that the production generated by soaring costs (particularly fuel and interest "rigorous cost discipline" the battle

These show that after severe losses on direct operating account (that is, before interest profit of SL.1bn, and further to \$1.65bn in 1985. What is really keeping the

airlines in severe financial difficulties, however, is the rising volume of interest payments on fleet re-equipment.

These interest debts began to soar in the late 1970s, as the airlines began to order "new-generation" equipment, such as Boeing 767s, 757s and European A-300 and A-310 Airbuses, which are only now coming into

charges jumped to \$950m a year in 1980, and since then have

MRS INDIRA GANDHI, the Indian Prime Minister, called for a concerted campaign to make flying safe for civilian passengers when she opened the lata conference yesterday, Reuter reports from New Delhi. "The sky must be secure from brigandism," she said. "International passengers should not be made the

undertaken aiready has been swallowed up in a rising tide of interest charges. Having, in many cases, already

back so severely that there is now little room for further cuts to help meet the interest burden, the airlines are having to look at other measures to help them out of their financial dilemma. One move has been to slow down on re-equipment pro-grammes. Many airlines have either cancelled or delayed in-

vestment in new jet airliners worth over \$1.1bn. From about \$500m a year in the late 1970s, these interest charges jumped to \$950m a year in 1980, and since then have climbed to an estimated \$1.7bm likely to be below the 150 air-this year, with further rises to

victims of any type of political or military design."
Mrs Gandhi made no direct

cut their staffs and operations

and to \$1.9bn in 1985.

The effect has been that the production programmes, and direct savings arising from the has led to an intensification of "revenues are nowhere" rigorous cost discipline" the battle for orders in the near that situation.

mention of last menth's shooting-down of a South Korean airliner with the loss of 269 lives, by a Soviet fighter, but delegates are expected to discuss the disaster as well as the strengthening of anti-hijack-ing measures.

market, especially between the "big three"— Boeing, Airbus Industrie and McDonnell Douglas. The airlines desperately need improvement in traffic,

bringing bigger revenue yields and some profits, before they can reasonably feel that they are out of the financial mire. Mr Hammarskjold has said that, during the 1980s, the new capital requirements of the airlines for fleet re-equipment is at least \$500m, and this could double to \$100bn if traffic

craft. To meet that kind of capital requirement, on top of being able to meet the continued interest charges on existing raft level. loans, will require, according This has forced the major to Mr Hammarskjold, a mini-

To achieve it, they need to do several things. First, to con-tinue their stringent costcutting exercises they can.

secondly, to eliminate the big losses they incur from such things as "discounting"—selling tickets worldwide at less than their true value (which costs them over \$1bn a year in lost revenues). Third, they must try to encourage foreign governments to release "blocked earnings"—money legitimately earned from the sale of tickets in overseas countries (especially

overseas countries (especially in Africa) which the govern-ments of those countries re-fuse to allow them to repatri-ate to the airlines' home countries. This costs the airlines

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about \$1bm a year.
Finally, they must increase fares. Despite consumerist and government pressures for cheaper fares, the widespread belief in the airline industry is that air travel, in real terms, starts to increase, generating is now one of the best bargains a new demand for more air. In the world, and that some rises in fares are not only desirable, but justified.

The airlines recognise that they face a tough task in convincing the public, and governments, of this fact, but they also know that unless they can achieve that result, their finances will remain in the doldroms for a long time to come.

### EEC to protest at U.S. steel-plate investigation

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission the U.S. and the EEC controlwill shortly have talks with the ling sales of EEC carbon steel, U.S. Government to protest including plate, on the U.S. about an anti-dumping investigation of West German and Belgian hot-rolled carbon steel plate sales on the U.S. market.

The EEC raisante the idea that the first eight months of this year. The EEC rejects the idea that first eight months of this year

U.S. steel industries. The investigation was prompted by a petition from dumping investigation moves Gilmore Steel. Department of Commerce officials in Washington noted that the investigation

legal requirements.

its steel sales are causing injury to the U.S. industry.

At first sight, the Commission argues that injury to the U.S. sion move appears to signal new industry from the Belgian and tensions between the EEC and German sales is difficult to imagine

and the Department of Comis demanded by law, provided merce.

the petition was filed in conformity with basic and simple of injury, then the Department of injury, then the Department of Cammarce will drop its gal requirements.

of Commerce will drop its
But the investigation implied examination. The ITC is exno comment on the working of pected to announce its findings last year's agreement between on November 13.

**Commission acts against** Asian watchmakers BRUSSELS — The European Imported quartz watches

Europe, and opened proceedings that could cut the flow. A commission report said imports of quartz watches, mostly from Hong Kong, but also from Japan, Taiwan, Macao and South Korea, have reached such a level "that there is a grave danger to European

producers.' France has been the hardest hit, the Commission said. Producers and governments on both sides will have 30 days to respond, and if the Commission upholds its findings, duties or

quotas could be imposed. 1982 and 28.2m in the first half Macao to Britain,

Community yesterday accused Community yesterday accused which controlled 68.4 per cent Asian watchmakers of pouring of the total watch market in their electronic products into 1980, had jumped to a 79.2 per cent market share in 1982 the report auded.

> In another move, the commission authorized France. Ireland, Britain and Italy to impose restrictions on various products found to have been dumped on their markets.

> Prance was permitted to restrict imports of some handkerchiefs from China and some electronic equipment from Japan, Hong Kong, Taiwan and South Korea.

The Commission will permit restrictions on some textile exports from Romania and According to initial evidence, exports from Romania and Commission claimed that electronic watch imports rose from tilm exports from Japan to 42m units in 1980 to 52.9m in Italy, and some textiles from

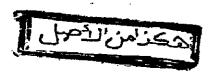
U.S. warns Taiwan on counterfeiting

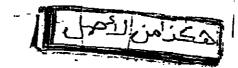
TAPEI-A U.S. Congressional mission investigating commercial counterfeiting has told Taiwan that any trademark infringement could affect its status in the U.S. Generalised System of Preferences (GSP), U.S. trade officials said. Congress will consider new legislation for the GSP early next year.

Economic Ministry officials

have expressed concern that Taiwan might lose its developing nation status in the GSP, which benedits 20 per cent of its exports to the U.S. cach year. Taiwan's trade with the U.S. amounted to \$13.200 last year.

Counterfeit goods ranging from computers to jeans are on sale openly in Talwan and this has drawn strong com-plaints from U.S. companies.





# No one has made this statement before.

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# N. Sea producers agree new pricing structure

BRITISH NATIONAL Oil Corporation (BNOC) has now won full in-dustry backing - including, belated-Field oil is being raised from \$29.75 ly, British Petroleum acceptance for a new package of North Sea oil

BNOC's pricing recommendation, based on a retained reference rate of \$30 a barrel, has now been made effective for the three months up to the end of the year. A minor technical matter has still to be resolved with one North Sea company, but it is thought that this will not affect the overall pricing agreement.

British Petroleum was one of the last of the important producers to accept the recommendations. It had delayed acceptance partly because it was uneasy about the proposed changes of price differentials of various crudes, but also because it wanted to see how spot market oil could remain stable until at least

Under the new agreement, for exto \$29.90 a barrel to bring the rate more in line with the \$30 a barrel charged for similar Brent crude.

New prices (with previous prices in brackets) are: Brent \$30 (\$30); Forties \$29.90 (\$29.75); Ninian \$29.50 (\$29.35); Flotta blend \$29.30 (\$29.30); Beatrice \$29.30 (\$29); Argyll \$29.70 (\$29.45); Auk \$29.30 (\$29.05); Beryl \$30.25 (\$30); Brent spar \$30.30 (\$30.05); Buehan \$29 (\$28.50); Fulmar \$30.35 (\$30); Montrose \$30.35 (\$30.10); Statiford \$30.40 (\$30).

It is estimated that the adjustment in price differentials will raise the average price of North Sea crude by about 0.5 per cent. But there were important signs yesterday that the international price of

Ministers of two leading mem bers of the Organisation of Petroleum Exporting Countries (Opec), Venezuela and Kuwait, were quoted

They are said to have discussed

### ment has entrusted them to a new-fields and 20 exploration blocks.

with interests in five commercial

as feeling that the Opec reference price of \$29 a barrel should be maintained until 1985.

The views, quoted by official sources, were attributed to Sr Jose Isnacio Moreno Leon, Venezuelan Energy Minister, and Sheik Ali Al-Khalifa Al-Sabah, the Kuwait Oil Minister, who have been meeting in

the world oil market and ways of strengthening Opec's position. Sr Leon is on a tour of Arab oil exportring nations before a meeting of the Opec market monitoring committee session in Vienna on Thursday. Sr Leon said Opec's long-term strategy committee would meet in

ly-formed company, Enterprise Oil, The fields are Beryl, Hutton, North-run from the office of Kleinwort, West Hutton, Fulmar and Mont-

public share flotation will turn it in- ment to meet its target of raising

### Ricoh plans to bring Harland in Government cuts production to UK

RICOH, one of the leading Japanese photocopier manufacturers, is the UK is in the production of coto set up production in Telford in the West Midlends. It is the first which also makes television tube Japanese company to announce Toshiba, Matsushita, Mitsubishi, plans to make office equipment in

The initial investment is C5m, which will create 100 jobs by early 1985. Ricoh expects to increase the investment to £15m or more within a Japanese electronics company is three years and the number of jobs a £40m plant built by the Nippon

Ricoh produces more copiers than any other company, including by manufacturing the photoconduc-Xerox, which has, however, much tor drums and bottles of dry toner, higher revenues. Ricoh copiers are the chemical which is used to form sold in Europe by Nashua of the the image on a photocopy. The fac-U.S. and Kalle Infotech, part of tory will supply the replacement Hoechst, and in the U.S. by Savin. drums and toner to other European Since 1981 Ricoh has begun to countries. sell copiers in Europe and the U.S.

under its own name. Ricoh chose to manufacture in tory could eventually be used to asthe UK rather than West Germany semble copiers.

mainly because of the language, as Mr Hamada said: We chose Telmany more people in the company ford because it is in the heart of in-

dustrial England and offers excel-Mr Norman Lamont, Industry lent communications. We hope our Minister, said yesterday: Japanese investment will help bring Ricoh investment in Britain has many at more closely into the community in tractions - technology, good man-agement, import substitution and contributions towards solving the mumber of jobs as our success contrade friction' problem. times to grow.

"Britain has twice as much Japa-"Our local procurement should alnese investment, in monetary so be able to assist the economy terms, than any other European and provide additional job opports

pact with Japanese shipbuilder

Sanyo, and Hitachi with GEC. JVC.

president of Ricob, said the UK fac-

HARLAND AND WOLLYF, the Sanyo and Missubishi assemble state-owned Belfast ship and, is videorecorders and Aiwa makes hito announce a co-operation agreement with a major .Japa-The largest single investment by zese shipbaikier.

The company said yesterd by it was signing a unique against ment but the details would it of Electric Comp The new Ricoh plant will begin be revealed until next week. The only indication of the contents of the agreement was a hint that it could involve the sharing of technological innovation in

ship construction.

Harland and Wolff is engaged in a major restructuring and the introduction of new technology, including computer-aided design and computer-aided manufac-turing techniques.

Its losses for the year to March 31, 1983 - which will be announced next month - are likely to amount to about £10m compared with £26m for the previous 15-month period. The figures will reflect the cost of the restructoring including redundancy pay-

Harland and Wolff has been under instructions from the Government to reduce its depen-

# financial targets for British Rail

BY KEVIN BROWN

Mr Nicholas Ridley, Transport Secretary, said yesterday that Brit-ish Rail would be required to cut its reliance on public service operating (PSO) grants from the Government to £635m by 1986, two years earlier than planned. The PSO grant for 1963 would be £819m compared with £882m in 1982 and £252m in IMI.

Mr Robert Hughes, Labour's transport spokesman, told the House of Commons that BR was being forced to cut its investment programme "to live with the harsh ecoomic climate this Government has er eated." The new targets offered net a glimmer of encouragement to thouse who seek a decent service."

He was told by Mr Ridley: "The objectives I have set make plain that it is not our intention that the board should embark on a programme of major route clos This puts paid to the scare stories about the network about which we heard so much following the publication of the Serpell Report" the future of the rail system).

Mr Ridley said his letter to Mr Bob Reid, chairman of British Rail, the truth."

BRITISH RAIL'S financial targets in which the requirements were set are being cut by the Government.

Out, was a "document of hope for those who travel on the railways." and those who work on the rail-

> The Government would continue to support worthwhile investment proposed by British Rail "clearly related to the objectives we have set

> The board is to be required, however, to press ahead with privatising British Rail Engineering and the Sealink ferry service, as well as seeking greater private sector participation in the rail network.

Mr Hughes said there was no mention in the statement of investmention in the statement of invest-ment plans for electrification which has been shuttlecocked backwards and forwards between your department and British Rail." Withdrawal of grants could be ac-commodated only by cuts in ser-vices, line closures, fare rises and appalanated in barran had appalant accelerated job losses, he claimed.

Mr Ridley said: "The greatest error of all is to fall into the trap that the more money you throw at the railway the better railway you have. I suspect that the opposite is

### Share flotation details likely today

THE GOVERNMENT is expected to confirm today that it is to sell by a share offer the offshore oil interests of the state-owned British Gas Cor-

The corporation has already been divested of these interests - valued at some £400m - and the Govern-

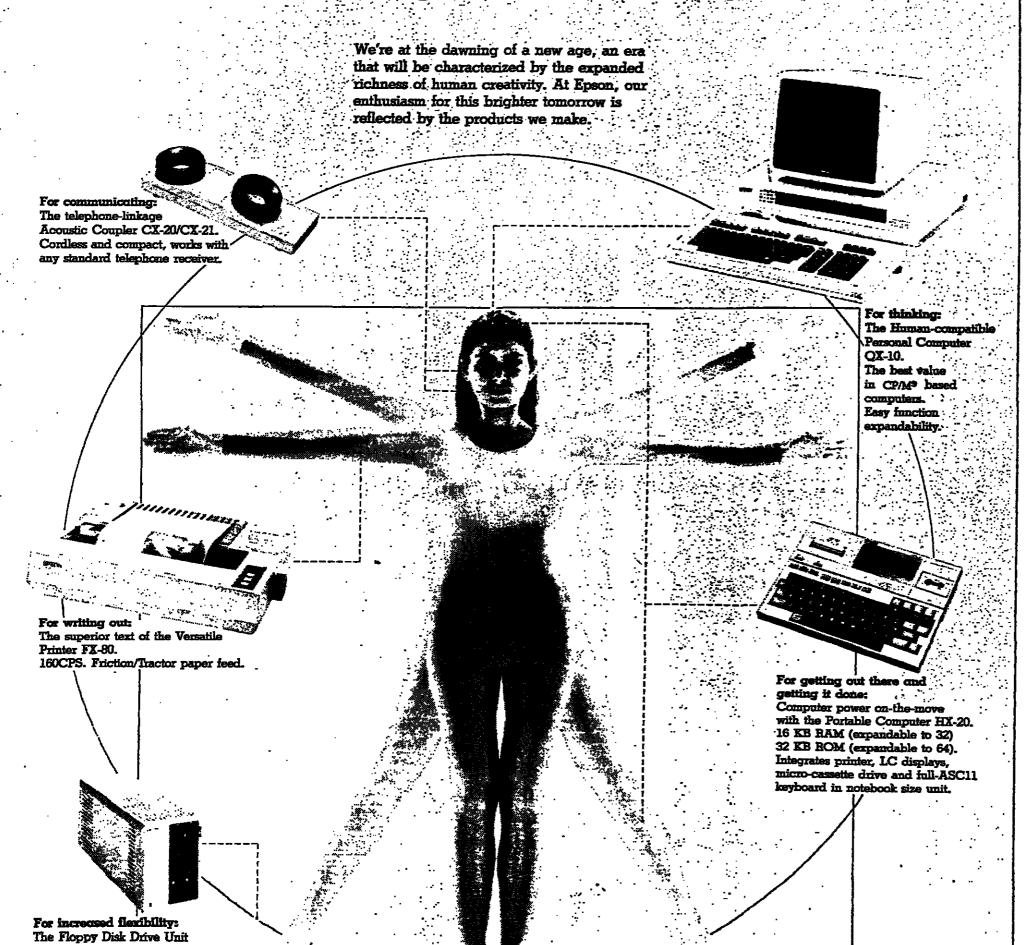
Benson, the merchant bank.

Sale of Enterprise Oil through a to a sizeable new UK oil company

£1.25bn from sales of state-owner assets in the present fiscal year.

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### Court ruling freezes embassy's accounts

that unpaid debts incurred by a for-eign government could be seized Sir John Donaldson, Master of eign government could be seized

from embassy funds. ders nisi could be made on the Co- result of the Appeal Court ruling. First National Bank of Boston and Parliament might not have in-Barclays Bank to satisfy a Judg-ment obtained against Colombia by

creditor to obtain payment direct spect of commercial transactions in from a debtor's bank account - subfrom a debtor's bank account - subject to the debtor having an opportunity to challenge the order in

The Colombian Government was

BANK ACCOUNTS held in London said it supplied to the embassy unby the Colombian Government der contract. When the debt was not were effectively frozen yesterday paid it obtained the garnishee or when the Court of Appeal decided ders which were subsequently can

the Rolls, said the embassy's work The court held that garnishee or- might be brought to a standstill as a He said this was something that

tended when it passed the 1978 State Immunity Act which lays down that foreign governments are a UK company.

A garnishee order pisi allows a not immune from legal claims in re-

But the court's understanding of the Act was that bank accounts could be used to satisfy judgments. The Colombian Government was sued by Alcom, which claimed given leave to appeal to the House £41,690 for security equipment it of Lords.

### Bunge buys Bibby unit

BY CARLA RAPOPORT

based in Liverpool in the north-east

of England. Bunge & Co, the UK arm of the international trader, intends to Elwig a director of Bunge in Lonmodernise and expand the Bibby don yesterday. Bunge's UK sales

BUNGE, one of the world's largest competitive with major internationgrain merchants, is making a major al companies in the edible oil busimove into the European edible oil ness. It is understood that Bunge is market with the £14m purchase of likely to spend close to £20m on up-

"We're talking about creating jobs, not axing them," said Mr Alan operation in order to make it more last year were close to £1.3bn.

### BCal 'back in profit'

this year after a record summer in which traffic on some routes improved by 21 per cent. Last year the airline lost £650,000.

Sir Adam Thomson, chairman,

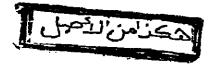
BRITISH CALEDONIAN Airways who is in New Delhi for the annual (BCal) expects to be back in profit meeting of the International Air Transport Association (late), said Coledonian Aviation Group, the parent company, was also likely to be in profit for the year to October



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For the BMW 7 Series has led the way in creating a quite new sort of luxury car: a machine that hones the automotive art

to perfection, rather than burdening it with superfluities.

The engine now has BMWs second generation of electronic engine management, when most other cars haven't yet reached their first.

It now runs on such a lean mixture of petrol and air that it uses up to 25% less fuel than its more traditional rivals.

Such frugality owes not a little to the optional automatic gearbox. It's actually more economical than the equivalent five speed manual gearbox.

Its straight six engine is also a paragon of smooth efficiency, surging our car as quickly to 60 mph as others relying on twice as many cylinders.

Its deceleration is equally impressive: with ABS anti-lock braking, it can stop up to 40% faster.

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"BMW's power steering is among the very best" added Motor, who seem to share

our view that power steering has become

a synonym for sloppy unresponsiveness.

For all this, the 7 Series still has all the best points of the traditional luxury car: from a mirror-like paint finish to an interior equipped in a manner which owes nothing

to Sparta. But Persius was right. Ask your nearest BMW dealer to bring a 7 Series right to your doorstep.

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# An urgent search for cash

Raymond Snoddy considers the problems of an innovative business seeking to expand

STEWART HUGHES, a small high technology Southampton company employing fewer than 30 people believes it has a world lead in the application of computers to the problems of diagnosing the health of complex machines. plex machines.

If all goes well it hopes that a portable diagnostic system could be in widespread use in the Navy within three or four years. It should allow the mechanical health of helicopters particularly rotors and transmission systems — to be checked quickly and avoid the need to strip the machines down at predetermined intervals. This could increase flying time — something that would have been very useful during the Falklands war.

Stewart Hughes is trying to eliminate the need for head-scratching in diagnosis and "provide logic within the comnuter itself that will effectively recognise solutions and give answers immediately. The company will probably have a five year lead." says Dr Ralph Collacott, founder and director of the Institute of Diagnostic

But Stewart Hughes has also diagnosed another serious problem-one much closer to home and one which the sophisticated rules it writes into the software can do nothing to cure. It is a problem faced eventually by most small companies. How can innovative and promising research be turned into products which can be produced and marketed on a large scale, and where is the money to come from to finance the process.

Ken Pipe, the company's narketing director, has no marketing director, has no illusions. "We are in a five year race," he says. "We have to get established in the time it takes our major competitors to react."

University's Institute of Sound and Vibration Research by Ronald Stewart, an engineer who once worked for Rolls Royce, and Tony Hughes, a microelectronics specialist.

Their greatest strength, they Instrument Company—the Expert Instrument Company—to probelieve, is their combination of duce and market MSDA. The hope is that this will enable

been real. Apart from the objectives." Navy, pre-production



(L to r) Tony Hughes, Ron Stewart and Ken Pipe: diagnosing others' engineering, and their own financial, problems

always looking for more funds

to speed expansion. Last week for instance Pipe was in Brussels to raise pressing questions at the European Commis-

sion on the financial help available for small innovative

companies. He wanted to know

exactly what help would be

available for small- and medium-

sized enterprises from the proposed Basic Technology

Research programme—designed

to encourage innovation in traditional industries.

He also wanted to check the

progress of Stewart Hughes'

the European electronics indus-

Although there is no sign of

technology

" intelligent "

money from the EEC yet, or

needed to create a new genera-

computers. Pipe believes the money he needs can be raised.

He hopes to get around £300,000 from retained profits and a

company restructuring, and a further £300,000 from a planned

joint venture with an American

company in the aeronautics

"We will give them access

stimulate

industry.

tion of more

MSDA (mechanical systems Stewart Hughes need £750,000 diagnostic analyser) are at work in such places as GEC, a CEGB power station and Westland belicopters.

And recently the company was able to save the elastomers division of Esso chemicals at Fawley a considerable amount of money and prove an impor-

A gearbox started giving off a knocking noise and manage-ment began to draw up contingency plans to shut the plant down, four months ahead of the next scheduled downtime. Stewart Huges was able to demonstrate that the problem was not immediately catastrophic and that the plant could keep going—avoiding a major loss of production.

Their offices in the Chilworth Centre for Advanced Tech-nology includes the room where Eisenhower planned the D-Day landings. This is a useful Stewart Hughes was founded introduction for a company try-three years ago as a commercial ing to break into the U.S. which spin-off from Southampton probably accounts for 55 per University's Institute of Sound cent of an estimated \$200m world market for mechanical

engineering and computer skills.

The achievements so far have

the combination of the co

Yet none of this is possible to technology; they will give us models of the main product without finance. At the moment access to the American market,"

Ken Pipe says optimistically The balance will be raised from private venture funds or from employees.

The Government, he believes, should do more to stimulate new markets for technology by buying more of the technology

The fact that Stewart Hughes is planning a major expansion at all is largely possible through having received a total of £2m worth of orders from the public sector. Research and develop ment grants, by comparison, have totalled £30,000.

Ken Pipe would like to see an expansion of two schemes which Stewart Hughes believes are more useful to small inno vative companies than straight research grants.

One is the Pre-Production Order scheme where the Gov-ernment pays the cost of instal-ling new equipment with a customer for a trial period. If the user wants to keep it it can be bought from the Department of Trade and Industry on depreciated terms. If it is not wanted the original manufacturer must pay.

The scheme got Stewart Hughes into three important

The other — the Market Entry Guarantee scheme — the company hopes to use to break into international markets. It provides 50 per cent of the costs of setting up or expanding international marketing operaproposal for inclusion in the Esprit programme, which is seeking to encourage collobora-tion for advanced projects in tions and the money is paid back as a proportion of

Even now that Stewart Hughes is poised on the edge of what has to be its breakthrough, Ken Pipe believes there is still only an evens chance of achieving its objectives. "But at least the chances from the Alvey directorate in the UK which is trying to stimulate the technology of going bust are now very very remote," he says.

It is a caution shared by Dr David Holt, director of research and engineering at Westland who has been watching the progress of the company.

He believes Stewart Hughes is on the right lines to achieve partner. Talks are well a major goal of the helicopter advanced with a U.S. East Coast industry—being able to "repair on condition" rather than after a predetermined number of flying hours. "Whether it can sustain it both technically and financially is the real question,"

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in Britain today.刃

SMALL business proprietors are mostly aware of the need for some form of basic insurance— but they seldom appreciate the extent to which cover is some-times required.

This is the view of the British Insurance Brokers Association (Biba) which yesterday launched Small Firms Insurance Week in an effort to get its message across. The campaign is explained in a new leaflet issued by the Association and will be backed up in the regions by local BIBA members.

employs another person he is legally required to provide employers' liability cover. This may be the moment to call in a broker, who will also be able to advise on other insurances. Property, equipment and stock, for example, should be covered against the basic risks of damage by fire, flood, burst pipes and theft.

The moment a businessman

Property insurance is straight-forward when the business oper-ates from normal standard premises. But particularly these days many new businesses start up in converted buildings which in other circumstances might have been pulled down many years ago. The potential probems are most acute when the building has several different

with new machinery.

A good time to run for cover...

Eric Short on Small Firms Insurance Week

Gordon Hayman of Hayman, to be convinced of the need to ackson Insurance Brokers, insure against trading losses hich operates in West Surrey resulting from fire, flood, theft, Jackson Insurance Brokers. which operates in West Surrey and East Hampshire, admits that insuring old buildings can be difficult. But he says he can always place the insurance at a price. The "multiple risk" where there are several tenants,
—is a problem if he is acting for the window and so on.

It used to be standard practice to assume that full recovery just one or two of the occu-pants. He often finds himself arranging insurance for the owners of leased property.

Many businesses, meanwhile, start with second-hand machinery, obtained cheaply. Often the broker has to con-vince the businessman that it is unwise to assume that damaged equipment can be replaced second-hand. If possible the insurance cover should be based on the cost of full replacement

Many businessmen also need

resulting from nre, 1,000, theri, water damage and other perils. During the time taken to restore the business to full working order, customers are lost and have to be wooed back, expansion schedules go out of the window and so or

from disaster took a year, and that loss of profits should be covered over this period. But Ron Woodward of Pharos Insur-ance Brokers in East Kent considers that getting back to nor-mal can often take two years. Many insurance companies in

recent years have produced a series of off-the-peg package insurance contracts designed to meet the needs of specific types of small business, such as shops, offices and so on. Both Hayman and Woodward agree that these

mostly give value for money, and are better than trying to put a series of policies together.

It is vital, however, to ensure that the package saits the needs of the business—something a good insurance booker, will be able to assess.

Solders can usually offer their chems more than just insurance tover and businessmen should seek advice on ways to

should seek advice on ways to reduce risks and avoid disrup-

Brokers may, for example, re-mind clients to keep duplicate computer tape records and remove them each night from the building. After all, insurance brokers are aften small businessmen themselves and well aware of many of the problems of their elients. of their clients.

Small businesses can expand to review their clients' needs at least once a year or every six months in the case of newer businesses. It should be rebusinesses. It should be re-membered that brokers live off commission and proprietors should beware of those which encourage unnecessarily exten-

tive cover.

The leasiet issued by BIBA provides a checklist and can be obtained from the Consumer Relations Department, British Insurance Brokers Association, Fountain House, 130 Fenchurch Street, London EC3M 5DJ.

### In brief...

occupants.

MORE than £400m has now been committed to small businesses by the 30 banks and other finan cial institutions using the British Government's Loan Guarantee Scheme. But the latest figures show some significant differences in the take-up by major lenders.

Under the scheme which was one of the last Tory Govern ment's most controversial measures to help small firms, the Department of Trade and Industry guarantees the repayment of 80 per cent of medium term loans made by approved banks to eligible businesses.

National Westminster Bank, which has more branches than its major high street rivals, says it has committed more than £100m under the scheme to over 3,000 businesses. Noel Dearing, manager of NatWest's small business section, says that half of them were in manufacturing, 60 per cent were new ventures

concern was voiced earlier this year that banks were not seeking sufficient personal committed approaching although one of the key features that committed approaching from to about 1,500 businesses, Midland has made loans of £60m to 2,000 companies

Lloyds (up to the end of August) had also committed nearly £60m to more than 1,800 business borrowers. ICFC, part of Investors in Industry (III), has lent £19.6m to 446 businesses under the scheme. "We have not been actively promoting the scheme in view

of the criticism that the banks have been hiding behind the Loan Guarantee Scheme," a Barclays spokesman explains. "We have been taking more risks under our own lending schemes and only using the Government's where it is appropriate and where we feel it was meant to be applied."

Ministers will have to decide this winter if the current "pilot" scheme, introduced in June 1981, is to be made permanent when the £600m available runs out in the middle of next year. A major analysis of companies which have received support as a result of

the measure was recently com-missioned by the Department of Trade and Industry. Concern was voiced earlier

the Scheme. The 3 per cent premium which borrowers have to pay is by no means sufficient to meet the cost of honouring guarantees. An earlier indepen-dent report suggested that the failure rate could ultimately be one in five but some observers feel that given the difficult economic environment in which most started life, even this could be optimistic.

CONFERENCES and seminars

on venture capital are two a penny these days. But the "Venture Capital Financial Forum." due to be staged by the Financial Times and the British Venture Capital Association in London on December 1 and 2 represents a fresh approach. The aim is to introduce about 20 leading venture capital-backed UK companies and their executives to fund managers from financial institutions and other organisations interested in this type of financing. Many of the companies will be raising additional funds privately or seeking a

public quotation at some time in the future. short presentations in the morn- SWI SRR. Price 75p plus 20p ings by senior executives of the post and packing. participating companies, fol-

reported to be failing under between companies and delegates in individual meeting rooms later in the day. Enquiries to FT Conference Organisation, Minster House, Arthur Street London EC4R 9AX. Tel: 01-621 1355.

> FOUNTAIN Development Capital Fund, which is managed by Hill Samuel on behalf of the Airways Pension Fund, British Rail Pension Fund and Refuge of equity for a 10 per cent stake in NFI Electronics of the Isle of Wight. NFI—which manu-factures touch panels and mem-brane switches for industry and hopes to double both production capabity and its existing staff of 110 over the next three years was the third prize winner in Hill Samuel's Awards for the most promising small UK companies in 1982. NFI plans a USM listing in 1985.

CO-OPERATIVES in London now number 153, compared with 67 in 1980, according to the Industrial Common Ownership Movement (ICOM). A list of their products and services is nublic quotation at some time in available in a new directory published by London ICOM.

The conference will consist of 245a Coldharbour Lane, London hour presentations in the more.

Tim Dickson

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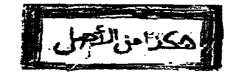
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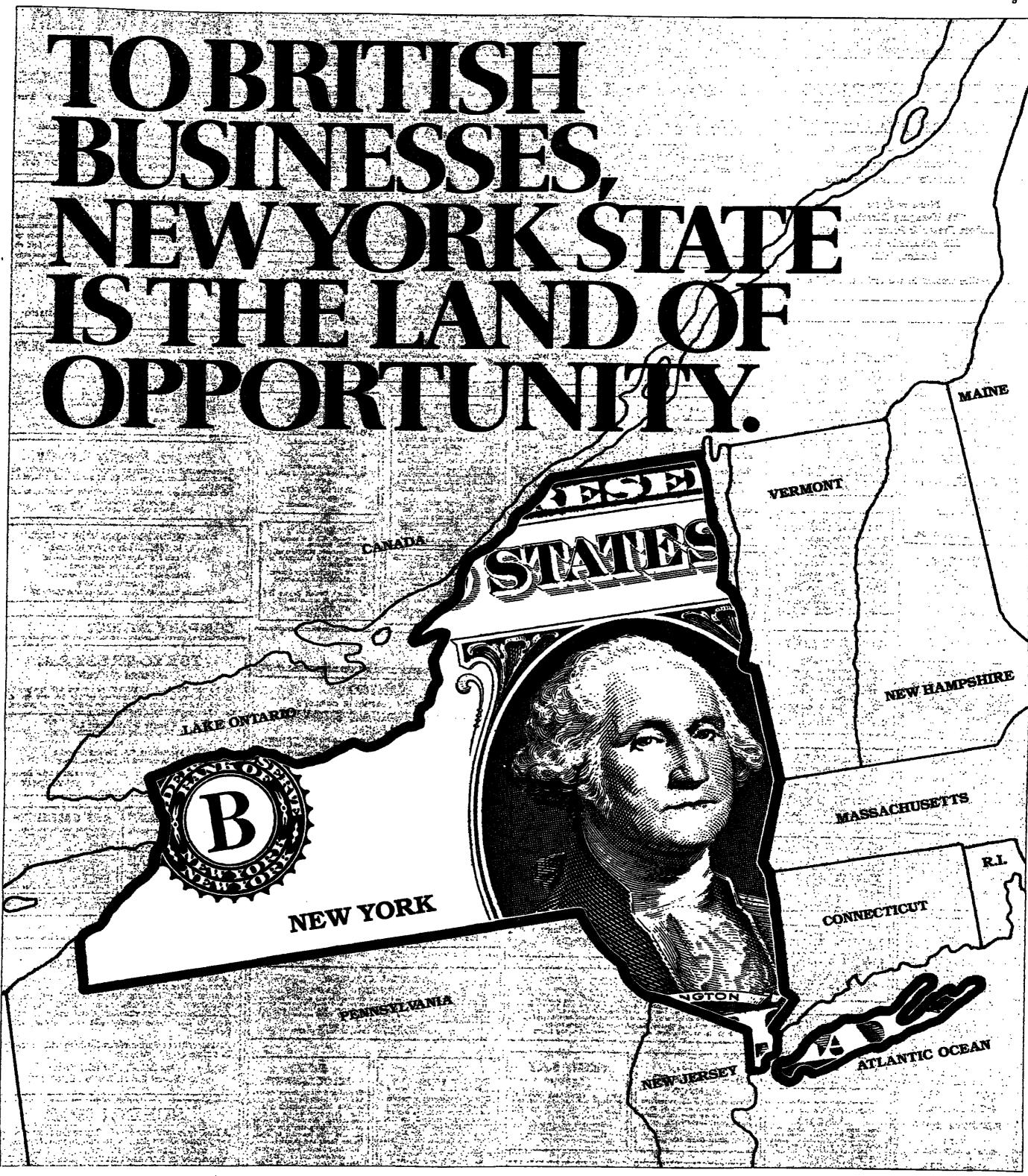
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SET VILLE

apparently murdered family, the intrusion of the lunatics, and his Chappell go, handsome the Duchess's death, are particularly effective. Unfortunately, cardinal's mistress. larly effective. Unfortunately, the speaking of the words is fatally inadequate.

I say the speaking, rather than the acting because if you were content to absorb the play simply from what you see, you might think you were at a good performance with the sound turned down. But most of the dialogue is very flatly spoken, and all two often words are thrown away so carelessly that their sense is unheard. The best-known line in the play, Ferdinand's "Cover her face, mine eyes dazzle. She died young," loses its first phrase altogether in an excited grunt. Annabel Leventon's Duchess

can be excluded from these objections. She looks ravishing under her white wig, and plays in public with dignity and music, in private with charm.
Even her posthumous voice, echoing in whispers from the back of the circle, has the quality you might attribute to a woman who has died with more pride and less struggle than you would expect from a public strangulation. David

**Martin Hoyle** The paradox of John Casey, born to a staunchly Protestant loyalist middle-class family, lengths. Juno's matriarchal full-skirted poverty is extravagantly ragged and could belong to any ending his life a sceptical period between 1870 and 1910. Her husband and (especially) the reprobate Joxer are dressed Marxist, self-exiled in England, lies in his eternal identification with tenement Dubliners agonising through the birth-pangs of as tramps. A family of tinkers, it seems, but with a daughter the republic. the republic.

The paradox of Giles Havergal, lively and unpredictable, is that on this showing at least, he wants to direct opera. Or film. Or TV. But not, it seems, Sean O'Casey's Juno and the Paycock at the Citizens Theatre.

Taking his one form the

whose dress and hair-do recall the early Forties: this Mary looks like every GI's girl-friend. Mr Havergal's production is equally eclectic. It emphasises the humour at the expense of the humanity. The guilt-ridden Johnny's cry, on hearing of the supposed legacy, of "We'll be able to get out of this place now and go somewhere where we're at the Citizens Theatre.

Taking his cue from the Tropatore duet sung by mother and daughter at the party to celebrate the illusory windfall. Mr Havergal underlines the ominous with sinister music, an occasional melodramatically able to get out of this place now and go somewhere where we're not known" prompted a roar of audience laughter: this family is less Grosz than Glumm. The men certainly illustrate O'Casey's unsparingly depicted male weaknesses: never have I occasional melodramatically darkening stage, and the ghost of the betrayed republican soldier (in a red spotlight, to tremolo strings), more like Verdi's Banquo than Shake-speare's.

seen such an unlikeable Joxer.
Idleness, selfishness and hyprocrisy put paid to the lurking
myth of the lovable Irish.
Feminists will note that
there's no ambiguity in Juno's
lament "Is there yet arment. The signs of a robust Grosz-The signs of a robust Groszcum-expressionist approach, intended to undercut the naturalism that O'Casey can turn sentimental, are immediately apparent in Kenny Miller's set. The Boyles' flat is flanked by piles of dingy kitchen chairs, jumbled in confusion along the floor, like a barbedwire demarcation of domestic territory. A pile of crates does duty for the kitchen sink.

The back of the stage repeals

that her Juno is too young and that her Juno is too young and lightweight. Attempts at mater. The back of the stage reveals a lightweight. Attempts at materatowering mass of foreboding half warmth lead to an earnest-ness that occasionally misses the inness prowl, and the trench-soldiers prowl, but gives her desire for the soldiers rejevance for the living a day of the trench-soldiers prowl, and the trench-soldiers prowl, but gives her desire for the soldiers prowl, but gives her desire for the soldiers rejevance for the living a Anglo-Saxon alike. Charon Bourke's positive Mary is herself a potential Juno; there is sterling support from Laurance the wings only to re-enter on Rudic's primly sanctimonious nother, in a zig-zag progression. Needle Nugent and Jane stylisation to bewildering the top as Malsie Madigan.

### The Duchess of Malfi/Oxford

B. A. Young

weoster's tragedy is full of Beames gives her secret expressive, atmospheric dialogue, the lines rich with overtions. Jane Howell's production for The Oxford Playhouse relies a good deal on the value of the words. Her stage is bare, quartered with lines of latitude and longitude, the doors in the and longitude, the doors in the

Bosola, the ever present house. hold spy, first appears in such ragged clothes as he hails the cardinal with the sinister words "I do haunt you still," that I thought Michael Byrne was going to down-class him. But he turned out a useful agent, though his speaking is the flatest of a flat bunch.

> Star cast for RSC's 'Poppy' transfer

The Royal Shakespeare Com-

Kettle's Yard Gallery, Cambridge/William Packer

THE ARTS

### A blast of the avant-garde

There will always be artists, great artists, whose achievement is quite disproportionate to the actual physical scope of their work, whether of scale or quantity; but though such repudamby, the motify stand high, it is rather more unusual for them to carry a considerable weight of direct influence, upon a particular school of followers or more generally spread across a generation. For the influence a generation. For the influence to be the equal of the work itself, let alone out-weigh it, is more thousal still: and when the artist dies tragically and unnecessarily young, with so much manifestly incomplete, and so much promise unfulfilled, the personal myth, or at least a romantic exaggeration, can escile begin before the rule. can easily become the rule.

But with Henri Gaudier-Brzeska, that extraordinary shooting star across the firmament of the pre-war avant garde Mort Pour La Patrie in a French infantry attack upon the German lines in June 1915, and not yet twenty-four, we come away from the collected work, such as it is, with the uncomfortable feeling that every claim made on his behalf may very well be true, the romantic critical apotheosis the county because the county appears the county very thoroughly earned. That enough of the work survived at his house at Kettle's Yard in Cambridge, and then gave to the University, gives us the backbone of the small, disproportionately important exhibi-

portionately important exhibition now at Kettle's Yard (untal
November 20 — then on to
Bristol and York).
Gaudier was a Frenchman
whose education was oddly
peripatetic, even for that easy
travelling time, fetching up in
Paris in 1910, after periods in
Bristol and Germany, and
newly-determined to be a
sculptor. His family sonarently sculptor. His family apparently disapproved of his association with Sophie Brzeska, whose date this last period, of course, but all his sculpture falls withhandsome and aristocratic in but all his scripture falls with Paul Jesson's performance, but in R, with an ever-increasing

> tribution undoubtedly is to the DIVISIBLE! VORTEX IS history of British sculpture, his ENERGY! and it gave forth is a salutary foreign presence, SOLID EXCREMENTS in the giving the lie to the narrow quattre e cinque cento, LIQUID chauvinism of art history by until the seventeenth century, national school or category. For GASES whistle till now. THIS he was a figure in our art world is the history of form value in at a time when the artists of the the West until the FALL OF awant-garde, the very people IMPRESSIONISM." And so he lections of France and England.



with whom he associated, were consciously engaged with what was going on abroad, in Paris, Milan, Munich, Moscow, were familiar with the principals, and always anxious for the latest news. Gaudier was a protagonist of Vorticism that necessity of Vorticism, that peculiarly British corresponding develop-ment to Futurism and Cubism, and thus the intimate associate of Wyndham Lewis, the high priest of the movement, and Ezra Pound, its chief apologist; and with them he saw it all not as a containment and a defini-tion, but as a universal principle, all-embracing, offer-ing a new way through art to see and understand the world.

Archipenko, Dunikowski, Modi-gliani and myself, through the incessant struggle in the complex city, have likewise to spend much energy. The know-ledge of our civilization ledge of our civilisation embraces the world, we have mastered the elements. Will and consciousness are our VORTEX." Clearly, with such a peroration, however we may see him, he saw mounts little Englander in himself. him, he saw nothing of the

Shortly after his death, "Gaudier Brzeska—A Memoir"
was put out by his friend, Ezra name he added to his own, and in 1911 he came with her to He was nothing if not whole melange, part biography and London, where he was to spend bearted about it, as his sculpthe rest of his working life. her's manifesto, published in Notebooks and drawings pre-Lewis' 'RLAST' in June 1914, critical assessment. It soon the state of the same o most emphatically shows: achieved a coterie reputation, "Sculptural energy is the the specialist bible in particular to suggest princely 16th century
Italy; and Stephanie Howard's
costumes cunningly suggest the
class-distinctions which are
important in the plot.
It is handsome to see, and
sinister moments like the unveiling of the Duchess's
apparently murdered family, the
intrusion of the Duchess's
apparently murdered family the defining is the thencist of the apparently mountain. Sculptural ability is
t literal humanism, as they saw should be left to Ezra Pound: it, of the Renaissance tradition, feeding instead upon the fresh, invigorating infinitely.

And, quite apart from what that example gave him in terms of imaginative freedom, it gave him also the certain knowledge that there is no such thing as the given, the orthodox tech-nique, the one way. Rather it was matter of using whatever material and means were most appropriate to his particular irposes; and if it happened to the familiar modelling up not the raminar modelling up and casting in bronze, why ever not? But the point was not only the one of appropriateness to the expression of a particular idea but also the appropriateness of the idea to the material, the interest of which must always he served. must always be served.

Troth to material was indeed

the great and the liberating thing, and direct carving the uncharted path forward to personal discovery. "We have again arrived at an age when men can consider a statue as a statue. The hard stone is not the live coney. It hearts the live coney. It beauty cannot be the same beauty" was the way Pound himself expressed it.

But in the end whatever is said must rest upon the work that was done, the concrete achievement; and it is the chief achievement; and it is the chief value of this splendid show at Kettle's Yard that the personal myth and the critical gloss alike for the cooler appreciation of the sculpture. With the help of the Arts Council, and a string of private and public lenders, home and abroad, the largest group of original weeks lenders, nome and aoroau, me largest group of original works by Gaudier has been brought together since the memorial exhibition of 1918, with the exhibition of 1918, with the original plasters shown if at all possible, fragile though they are, rather than the casts (though not all can go on the tour), and the drawings chosen with particular reference to the sculpture. sculpture.

They are very beautiful things, vigorous, delicate and charming, ever inventive, never out of scale impressive far beyond the expectations of mere size. And in every piece, though it may be but the first tentative roughing out of the blocks of stone, the first exploration of the image, Gaudier reveals himthe image, Gaudier reveals himself the consummate craftsman and true artist, as it were as another poet, Basil Bunting, once said of another artist of a different kind, "with never a crabbed turn or a congested cadence, never a boast or a section."

Among many good artists, among other young men of hensive example of the Primi-tive, there for him, as later sculptor already great in for them, set out in the glass achievement at the age of 23, incalculably great in promise and in the hopes of his friends."

### Great British Music Festival

### **Andrew Clements**

of contemporary-music concerts under the title of "Music of Eight Decades." The plan was for the four independent symphony orchestras and the London Sinfonietta to share the programmes with the BBC Symphony, giving identity and suppose to the symphony the symphony the symphony to the s programmes with the BBC Symphony, giving identity and purpose to the symphony orchestras' timid ventures into the music of today. Audiences for the subscription series were refreshingly good; three of the big four orchestras took part, only the London Philharmonic failing to join in.

A new "Music of Eight Decades" begins in the Festival Hall next Friday. This time, however, the series is simply a joint venture between the BBC and the Sinfonietta; the four symphony orchestras are conspicuous by their absence. They have chosen instead to launch their num series ambitiously. their own series, ambitiously titled "The Great British Music Festival 1925-1975"—six pro-grammes evenly split between autumn and spring, and loudly proclaimed as the first time the orchestras have joined forces to promote a series of concerts. Memories seem very short.

The result is as depressing a rag bag of second-rate music as could be imagined. It's impossible not to come to the conclusion that the Big Four's antipathy to programming and playing contemporary music has led directly to this deeply conservative and parochial venture; there is nothing in it to rock the box office, nothing that is not safe and undemanding. Doubtless the series has mopped up the Arts Council's special grants to the orchestras for rehearsing and performing The result is as depressing for rehearsing and performing 20th-century music for this season, and probably a lot more

The opening concert on Sunday provided at least one nice irony. The hall was by no means full; certainly the soloists. It's salutory to remeand audience was smaller than for several of the "Eight Decades" series two years ago. When public subsidy is as tight saudience in six concerts.

In 1981 the London Orchestra as it is at present, that should Concerts Board and the BBC be no cause for celebration, but joined forces to mount a series the Great British Music Movezealous supporters.

If the series gives the lie to that, it will perhaps have been worthwhile. The first programme was given by the London Symphony Orchestra and Chorus conducted by Richard Hickox. It consisted of the Ritual Dances from The Midsummer Marriage, the first London performance of Lennox Berkeley's cello concerto and Tavener's The Whale. It was not well played. The LSO showed a return to its form of last season—sloppy and inattentive, scarcely a rhythm or a texture in the Tippett well focused, balance all over the place. Berkeley's cello concerto (written in 1939, but only premiered earlier this year at certo (written in 1939, but only premiered earlier this year at Cheltenham) proved a short-winded piece of note-spinning, undistinguished melodically and tackily constructed; all Moray Welsh's strivings could not make the solo part anything more than a string of unmemorable accessives.

construction is still recognis-able. The modish effects— lorry loads of percussion, tapes, megaphones for the chorus are superimposed upon a primi-tive rhythmic and harmonic framework; strip away the excresences and nothing remains. Timothy West was the narrator, Felicity Palmer and Stephen Varcoe the secure soloists. It's salutory to remember that The Whale is the most demanding work the British demanding work the British Music Festival will be offering

### Annie Fischer/Elizabeth Hall

### **Dominic Gill**

David Murray remarked here after her first. It has been a wide-ranging survey of familiar repertory: Mozart, Schubert, Schumann, Chopin, Brahms and has the knack of tilting a familiar picture ever so slightly to reveal a new perspective, an original colour, an un-familar emphasis.

She began with Mozart's great C minor Fantasia K475—a candid rather than a dramatic presentation, oddly compelling for its very understatement. She used it as a prelude, separated by the barest pause, to the sonata K457 in the same key; and perhaps, after all, the austerity of the Fantasy had movement was (and in context seemed all the more so) grippingly outspoketi, lapped with unexpected fire. Its adaglo was spun out in wonderful seamless cantabile: how many pianists could learn from Miss Fischer's effortless; exquisitely muanced phrasing of Schubert and Mozart!

In Debussy her instincts were

The last of Miss Fischer's unerring: I am sure that if the three Sunday afternoon piano composer had heard the way recitals was also sold out, and she changed that puzzling har displayed the same lucid, sweet- in the Prelude of the Suite pianissimo into a sudden. pungent forte, he would have agreed that her version is better. Directness, clarity and subtlety are the words instantly Debussy. But they have been summoned by her "Menuet" and "Passerpied"; her "Clair turn, rich with the insights of a truly re-creative artist—Miss cision, deeply sentimental, summoned by her "Menuet" and "Passerpied"; her "Clair wholly unsentimentalised.

Apart from a substantial memory-lapse in the middle of L'ile joyeuse, which mattered little, her Mozart and Debussy were remarkably accurate. She reserved her splashes for Brahms's F minor sonata in the second half: a powerful, heady. urgently communicative and convincing account, balanced on a razor's edge. But crystal-clear definition of every chord is less important that definition of the force, character and been part of the plan, for her direction of the music, and treatment of the sonata's first these Miss Fischer defined direction of the music, and superbly. A few of the fluffs, especially in the slow movements, were puzzling; but by and large they seemed (as in the greatest Serkin performances) not so much lapses of concentration as an overflowing of it, paradoxically less a hindrance than a quick and joyous straining to the music beyond

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### Les Arts florissants/Wigmore Hall

Stanley Sadie

Les Arts florissants is the London debut. name of a miniature opera, or

an "idyll in music," by Marc from their eponymous work, and their emotional effect heightened. Arguably he goes

The Royal Shakespeare Company's hit musical Poppy by Peter Nichols, with music by Monty Norman, which won the Musical of the Year" SWET Award when first seen at the Barbican in 1982, will have a new star cast when it transfers to the Adelphi Theatre in November (previews from November 9).

It includes Alfred Marks, Geoffrey Hutchings, Antonia Charpentier, the finest though not the most famous chiefly showed the composer's a shade further than the style in her set stature was his miniature oratorio or Passion motet Le Reniement de St Pierre. This is a rémarkable work, a dramatic and profoundly poignant is a rémarkable work and profoundly poignant is a rémarkable work and profoundly poignant is a rémarkable work and profoundly setting for a Mollère play, like amant," The harpsichord most musical jokes, it went on a heavy accompanying in of them and they drew a size- focused voices of a kind which too long. I enjoyed almost ment, but eloquent enough able andience to the Wigmore makes it easy to hear the conmost of all a group of airs, when Mr Christie himself was Hall en Saturday for their trapuntal lines, and, what is solo and ensemble, by Michel at the keyboard.

more, he has them mould the Lambert, where there was They performed an excerpt music generously so that the some most delicately moulded from their eponymous work dissonances could be stressed singing. The soprano Agnes Mellon showed a rare com-mand of the sophisticated style in her sensuous, subdued, gently languid account of "Le Repos," and again, exquisite shading and delicate ornamentation, in "Parexquisite since in the soprano, Jill Feldman, sharper in voice, caught beautifully the pain of "Ombre de mon a heavy accompanying instru-

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### Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Trursday. A selective guide to all the Arts appears each Friday.

### **Opera and Ballet**

LONDON Royal Opera, Covent Garden: no opera performances – this week the sched-ule is devoted to the ballet.

English National Opera, Coliseum: the English National Opera, Coliseum: the ENO begins a new cycle of Wagner's Ring with The Valkyrie, produced by David Pountney, conducted by Mark Elder, with Linda Esther Gray, Josephine Barstow, Anthony Raffell and (sole survivor of the previous Ring) Alberto Remedios. Further performances of the triumther performances of the trium-phant new Rienzi, Wagner's unwiel-dy early Grand Opera, carved by main force and brilliant stagecraft. mances of the triu

into an examination of Nazi megalo-Royal Opera House, Covent Garden: The Royal Ballet presents Makaro-va as Manon on Monday (essential viewing) and Thursday will show the debut as Manon of the Ingely gified young Alessandra Ferri. On Wednesday, Swan Lake.

Sadler's Wells, Rosebery Ave: mime company Lindsay Kemp is on view, with programmes which the theatre notes are probably not suitable for children.

### PARIS

Rossini's "Moses" in a new production by Luca Ronconi conducted by Georges Pretre with Samuel Ramey and Shirley Vernett alternates with Puccini's "Madame Butterfly," con-ducted by Alain Lomberd in Teatro Community de Florence unduction Communate de Florence production with Raina Kabaivanska/Helene Garetti as Madame Butterfly at the Poris Opera (2885022). Vive Offenbach" conducted by John

Vive Offenbech" conducted by John Burdekin, produced by Robert Dhery at the Opera Commune **NEW YORK** 

Metropolitan Opera (Opera House): Besides the centenary gala, the tifth week of the season includes Peter week of the season inchades Peter Grimes, La Bobème, La Fille du Rement and La Forza del Destino. Lincoln Center (580 9830).

Venice, La Fenice: Carolyn Carlsons Ballet (Frì, Sat, Sun).

sion de Gilles': premiere of Philip Boesmans's opera, conducted by Pierre Bartolomee; Peter Cottlieb

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October 21-27 and Carole Farley as Gilles de Rais and Joan of Arc. Theatre Royale de la Monnaie (Fri, Sun, Tue, Thur).

### WEST GERMANY

Franking Opera: Jenula, reproduced this season has Daniza Matilovic in the main part. Der Freischütz, a new, ultra-modern production, con-vaces thanks to Walter Raffeiner in the part of Max. Pariser Leben is a well done repertoire performance. Cav and Pag brings together Seppo Rushonen and Galina Sovova. My Fair Lady gives a light touch to the

week.

Munich Bayerische Staatsoper:
Schöneberg's Moses und Aron is reintroduced to the programme this
season. Lohengrin, produced by August Everding, is well worth a visit
and has Siegried Jerusalem and Ingrid Bjoner. Peer Gynt, produced by
Kurt Hörres, has Cheril Studer and
Astrid Varnay both excelling in
their parits. Die Lustinen Weiber von their parts. Die Lustigen Weiber von Windsor is of respectable standard, rith Lucia Popp and Wolfgans Brendel. This week's highlight is Don Giovanni, sung in Italian, fea-turing Franzisco Araiza and Judith

### ACROSS 1 South African flower colour

F.T. CROSSWORD

PUZZLE No. 5,251

4 Mother rejected Lamb and read Fielding's work (8) .8 Clown sees jetty decay (7)

9 Impute a writer (7) 11 Winsome individual goes to

island retreat (10)

12 To some extent, coat hangers can be a curse (4) 13 Sailors from Epsom? (5)

14 Beer may make him feel at home (8) 16 The cause of many a rising

18 Is one adjusted to sound? (5)

29 Last year somewhat painful (4) 21 A novice drops out of Oriental race possibly for amusement (10)

23 New master accepts the last

24 Together in action—it's a way of selling (7) 25 Cad needs mother to reach Dutch port (6)

26 Happy looking worker in the

cloth industry? (6)

DOWN 1 Love to donate a window (5)

2 Unopened hair spray (7) 3 On drugs maybe, the 17 Graceful as Lear's fowl (?)

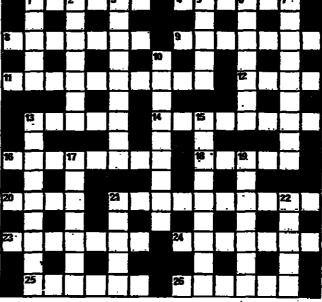
6 Fellow leaves London road 22 Basket for wild single rose curiously to get bacon (7)

7 Poor Great Britain without money due to currency purchases (9)

10 In which Barker may be trained (9) 13 Addison's onlooker (9) \_\_\_ of Jenny's case (The Merry Wives of Windsor)

Spanish provide the weed 19 Meantime, an edict of the

German emperor (7) 5 Intermediate, my French 21 Always up entertaining quarters (5) English judge (5)



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Tuesday October 25 1983

# Mr Reagan's response

strong multinational force in confident. President Gemayel Lebanon has always suffered failed to conciliate the Druze from a fatal ambiguity about its and Moslem communities or role. It was sent over a year reach an understanding with ago after the massacre of 900 the Syrians in the year after Palestinians at Chatilla to reassure the civilian population he thought his alliance with the and as a symbol of international U.S. would save him from such support for the Government of a necessity. President Amin Gemayel.

Within months this changed. The contingents to the multi-national force, notably the 1,600 U.S. marines which form part of it, became the chief military ally of the Lebanese administration. In the recent war in the mountains overlooking the Lebanese capital the regular army was only able to maintain its positions because of naval gunfire from the U.S. Sixth Fleet offshore,

### Devastating

It is hardly surprising that the groups opposed to the Government should react against the multinational force in its role of ally of President Gemayel. Over the last 10 days sniping and rocket attacks have led to a trickle of casualties and this was expected to get worse. What nobody expected was the enormous casualty toll from though an Sunday's attacks, almost exactly similar car bomb, which blew up the U.S. embassy in Beirut in April killing 60 people, should have prepared to the multinational force for some devastating response.

President Reagan promises retribution against whoever was behind the explosion; it is unclear how far this chimes in with the popular mood in the U.S. In an election year the White House will be particularly sensitive to domestic American politics but in Lebanon, supposing the guilty party is ever identified, any act of vengeance will only make a bad situation

The White House would do better to work out a long-term policy for Lebanon. The danger of tumbling from expedient to expedient is now all too obvious. It is reasonable for Washington to give strong support to the Lebanese Government, but ever since the Israeli invasion the U.S. has tended to make the

THE POSITION of the 5,700- Lebanese administration over-

The recent ceasefire was made possible by the agreement to bring in neutral observers and to convene a meeting of the National Reconciliation Council on which the opposition was to be represented. The meeting has been endlessly deferred with each side blaming the other. The U.S. should now press the Lebanese Government very hard to reach some understanding with the opposition leaders and thus to strengthen its legitimacy.
At present the multinational

force is in danger because this legitimacy is lacking. Many Moslems, perhaps unfairly, see President Gemavel's administration as a front for Christian domination. The President him-self admits that his Government controls between 10 and 20 per cent of Lebanon's national territory.

The Government therefore leans on the U.S. and the multinational force for support. They in turn find they have attracted the antipathy of all the many enemies of President Gemayel's regime. The multinational force or even the Sixth fleet cannot. in the long term, make up for the Government's basic lack of support among Lebanese Moslems who are supported by

stay, it cannot do so as the ally of one party in Lebanon's long-running civil war. The price of this was brutally under-lined on Sunday. In the long term the continued presence of the multinational force can only be justified if it is in Lebanon in support of a more broadly based Government. It is this that President Reagan should press for in order to create a measure of stability in Lebanon and reduce the danger

# Consistency in

British competition policy competition, encouraging cost accept the case for greater con-reduction and promoting the process, but not for a dramagements contained in the Fair Trading Act of 1973. That was the distribution of balanced distribution of industry and employment. In addition, the commission "shall take into account all matters." contained in the Fair Trading take into account all matters which appear to them in the of the speech delivered to last particular circumstances to be week's Financial Times conference on mergers by Mr Alex Fletcher, Minister for Consumer and Corporate Affairs in the mew Department of Trade and Industry.

Mr Fletcher said that most mergers : have a market rationale in which the Government does not wish to interfere. There were a few cases, usually less than a dozen a year, where the merger "raises questions about the power or efficiency of the merged unit, or about the risk of creating a dominant position." The Minister defended the breadth of the public interest criterion which guides the Monopolies Commispolitical pressures. He pointed out that the system was "essen-tially discretionary," designed, particularly in merger refer-ences, "to allow Ministers to take the decisions that seem to them right in the circum-

Complete predictability was not achievable under such a system and perhaps not desir-able. But Mr Fletcher was concerned that "a pattern should develop and be traceable and that the decisions taken at any one time should not be regarded as capricious. It is the Government's intention to give as much guidance as possible to the market on the policy in particular cases, for example by giving brief reasons for decisions."

### Doubts

This would be a step in the right direction; a requirement to explain controversial decisions would impose a useful discipline on Ministers. But doubts remain both about the extent of discretion in the hands of the Secretary of State (who makes the final decision on references to the commission) and about the commission's terms of reference.

the commission to have regard mum the to five specific factors, including matters.

MINISTERS responsible for the desirability of maintaining

The open-ended nature of these considerations makes it possible for virtually any merger which meets the size criteria laid down in the Act to be referred to the commission. sion; it enabled contentious It also involves the commission issues to be investigated by an in making judgments which are independent body free from more appropriate for a managemore appropriate for a manage-ment consultant than for a body ment consultant than for a nody concerned with competition. It is the vagueness of the criteria which leads to inconsistency and sometimes to split verdicts. The nub of the matter is this. Is the Government prepared to confine its interference in the

market to cases where there is a potential threat to competition or does it want a reserve power to over-ride the market even when no question of competition arises? It seems that the present government, like its predecessors, wants such a power. If that is so, the least it must do is to constrain the power by a set of published guidelines and to use it very sparingly.

Ministers have to explain what sort of mergers they find objectionable and why; clearer guidance has to be given to the Office of Fair Trading and to the Monopolies Commission. Such instructions cannot cover every possible eventuality, but they should be precise enough to clear away much of the fog which has surrounded merger

as the primary goal of merger

### Stability

If the multinational force is to U.S. and other foreign contingents in the country.

# merger policy

the effect on the balance of pay-ments; the desirability of maintaining British ownership of a key company in a strategic industry; and the effect on em-ployment in particular areas of

### Considerations

control in recent years.

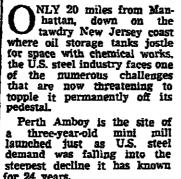
The outcome of the current review should be to reaffirm the maintenance of competition The Fair Trading Act obliges policy and to reduce to a minimum the intrusion of extraneous her lawyer husband's posting to

### U.S. STEEL INDUSTRY

# The anxious barons of big steel

By Terry Dodsworth in New York

THE VITAL STATISTICS



for 24 years. Since then, the country's leading steel companies have slumped to the very bottom of the earnings cycle, running up mammoth losses that may have done lasting damage. But the Raritan River Steel Company has struggled through, earning

a profit, servicing its very large debts — and taking more and more sales from the steel majors. It is partly because of the success of plants like Raritan that two of the country's largest steel companies have taken the first steps towards the rationalisation of the industry that many consider inevitable. The proposed takeover of Republic by LTV is a deal which has the manhame of his steal has the problems of big steel over the last 10 years written large all over it. Greatly weakened by the recession, the two groups have launched what is essentially a defensive merger.

This is a feature of the project which may help to see it through the tough U.S. anti-trust regulations. But it is also telling evidence of an industry that has been forced to cede so much ground to its com-petitors that its only alternative

peutors that its only alternative now is to seek out alliances and regroup on a different base.

"The big companies kept their prices high and gave up markets when sales were boom-ing," says Mr William Shields, president of Raritan River.
"They are now stock with old They are now stuck with old plants and facilities that were obsolete years ago. The only thing left for them is massive

Although the Justice Departnent has not yet declared its hand, the consensus view is that the LTV-Republic merger will go through. If it does, it would represent a significant reversal of the conventional view of big steel's position in the U.S. economy. For years the major companies have carried the reputation of being so dominant that it was inconceivable that they could be allowed to come together and create even greater concentrations of interest.

It has become clear over the past couple of years, however, that this perception of the big steel companies is outdated. Even by the 1970s, they had run out of growth, as other materials were substituted for steel. Shipments became stuck on a plateau, and earnings, even in nominal terms during a period of rampant inflation, be-

This steadily weakening struc-The U.S. companies gradually ture has been shaken to its gave up any pretence of being foundations by the slump. With-world competitors—up until in a year between 1981 and 1982, the early 1960s they had been industry-wide profits sunk right net exporters—and turned in-through the floor from a peak of creasingly to the soft home

\$2.6bn to a horrendous loss of market where strong demand \$3.2bn. Steel output last year and cost established relationwas driven to its lowest point ships with their large clients was driven to its lowest point since 1938, while shipments fell by 44 per cent to 62m tons, the worst figure for 24 years. And during this mayhem, the immade for relatively easy pick-ings. "They forgot," says a critic. " that there was another world outside."

But they were not allowed to forget for long. What happened then was a kind of displacement of investment to Europe,

where the big coastal sites became fashionable, to Japan,

on their own terms, the inte-grated majors responded by keeping prices high to maintain profits. The loss of market share was inevitable. They also failed to pump back enough of their profits into existing facilities. lities; and they awarded what in retrospect were incompre-hensible wage increases. Rather than risk strikes, and further loss of market share,

ing the imports and mini-mills

High cost production in the big plants has played right into the hands of both the importers and the mini mills

and then the Third World. All the steel companies allowed this new plant was put in with exports in mind—and a lot of it was aimed directly at the U.S.

The U.S. manufacturers were

hampered in fighting this trend by competitive investment of their own. A great deal of the Critics say that yesterday's showpiece integrated facilities are no longer total units. "There new overseas capacity went in with the help of subsidised loans. Yet similar plants in the U.S. might never have shown any return to share-holders at all.

"The basic problem is that it costs up to \$2,000 per annual ton of capacity to build a greenfield site." says Mr Tom Jones, a Cleveland-based con-sultant for Booz Allen. "But you ought to be aiming for a 25 to 30 per cent pre-tax return

Nevertheless, despite these constraints, the industry's strategy in the 1970s provided

its critics with plenty of ammu-For example, instead of fight- of the cost of a major new

wages to soar by 317 per cent between 1967 and 1982, in a period when inflation rose by 170 per cent.

High cost production in the big U.S. plants has played right into the hands of both the importers and the mini mills. As fast as the U.S. companies have moved to plug one im-port gap—it now has a mix-ture of formal and informal quotas controlling European and Japanese products—another has opened up. The new bete noire is Third World imports. which have spilled in so fast this year that they have virtually taken up all the guins from

the earlier quota restrictions.

The growth of the mini mills is another telling example of on capital, or around \$500 a how the major companies have ton, while steel sells for surrendered ground. The key perhaps \$400 a ton. There is simply no profit in the product."

now the major temporates have surrendered ground. The key advantage of the minis, first started in the 1960s, has been in investment costs, which are dramatically smaller than integrated works. Mr Shields says that Raritan's \$2m investment works out at around \$300 per annual ton, less than a quarter

partly because wages are lower in some areas, and partly because they have been able to start out afresh with more flexible manning policies. The mini mills have had

works. But the mini mills also

have much lower running costs.

troubles of their own, such as high electricity costs and shortage of scrap. Nevertheless, they are now moving to chal-lenge big steel in higher grade. higher margin rod products. The first response of the

steel companies to the steadily closing competitive vice was to attack imports. An arsenal of restrictions — trigger prices, quotas, voluntary restraint—was put in place, but is still being brushed aside by hungry pro-

ducers.

The big mills have also tried diversifications, some, as at Armeo, moderately successful, and some, such as U.S. Steel's acquisition of Marathon Oil in party 1982 spectrollarie ill. early 1982, spectacularly ill-timed.

Finally, they have even turned to the importers they have been castigating so vigorously. U.S. Steel's plan to link up with British Steel, for example, would kill two birds with one stone: it would supply the company with semi-finished steel which it could not make itself so cheaply; and it would bring in BSC capital to help rebuild some of its facilities. This link-up has caused violent opposition in the U.S.

industry: for the other big companies, it represents a weakening of the stand against imports, and for the unions a further threat to jobs. It has also run into opposition at the Commerce Department, believes the agreement could European quotas.

But even though it now looks as though the deal may be doomed—the two companies are apparently finding it difficult to agree on the financial arrangements—there are many in the industry who contend that the U.S. will increasingly become an importer of semi-finished

int until the recession came along the basic problems were only being tackled half-heartedly. In this sense, the last three years may yet prove to be of lasting benefit. They have finally forced the steel companies to bring out the big axe and vade into their problems head on, retionalising, cutting wages, brutally aligning down their labour forces and trimping their ambitions to a more registic scale. In the process, employment has been chopped virtually in half from 453,000 in 1979 to 247,000 at the end of 1982.

at the end of 1982. The impact of these measures The impact of these measures is already seeping through into the third quarter figures for the industry. Once the recovery spreads well into the capital goods sectors, the leaver cost base on which the industry is now working should generate a healthy increase in profits—industry Wall Street is almost indeed, Wall Street is already drawing up some buoyant fore-

casts. Yet recovery be strong enough to pull the industry out of its structural nose-dive? Rationslisation of worked-out plant costs money, and many of the steel companies can ill afford to spend it. Bethlehem, the second

largest of the majors, provides an example of these financial constraints. In 1982 it embarked on a \$1bn closure programme which, together with operating losses, left it with net worth more than halved at \$1.2bn. Already saddled with heavy debts, it is now arranging leas-ing type finance with a con-sortium of banks for an essen-tial \$500m investment in two

continuous easters.

With this kind of finencial squeeze widespread in the industry, there is a growing feeling that a short-term curnings recovery will only be the first step towards putting steeling-ing back on a healthy footing. Mr David Roderick, chairman of U.S. Steel, voiced these four at a recent hearing of the Senate Finance Committee, when he talked about a "state of

accelerating self liquidation.

Mr Roderick, who is also chairman of the American Iron and Steel Institute, put forward a three-point recovery plan that would mark a radical change in the old adversarial relationship ween the steel barons and the Administration.

What the industry would like, he said, would be substantial tax concessions to draw forward investment credits, protective action under GATT to provide tariff shelter while it re-organises, and a waiving of anti-trust regulations to sllow mergers.

The LTV-Republic merger attempt to test the Govern ment's willingness to allow such ahead, if the Government gives the go shead, it could be the first of several.

### **Men & Matters**

### Merchant venturer

Barbara Thomas, the newest recruit to merchant banker Samuel Montagu's executive team, has been better known so far as a champion of U.S. investors rather than Wall Street's investment banks.

Since she first made her name, at the age of 34, as the youngest ever member of the U.S. Securities and Exchange Commission (SEC), the impeccably groomed Ms Thomas has been waging a constant fight for investors' rights, demanding out whether its cuts in local less corporate secrecy and better authorities' spending barreless.

Her independent stance on several important SEC issues has won her widespread respect - though it may hardly endear her in some of the more secretive corners of the international merchant banking circuit.

She has been an outspoken critic of Rule 415, which allows companies to register securities with the SEC and then sell them in the future without the usual

waiting period.

Ms Thomas has argued that the rule poses grave risks to investors and, in fact, she is delaying her departure until next month so that she can take part in the final vote on the

Apart from such domestic issues. Ms Thomas has pushed for greater access to data on illegal transactions being made through secret bank accounts

She is a conservative Demo-crat on a Commission which is weighted in favour of the Republicans. She once told a reporter that when she first joined the SEC, she was its most conservative member but "the Commission has moved so much toward the Right, that I am now precisely in the centre." But though she has often been at odds with those on her

a branch of his New York firm. Ms Thomas's major task as Montagu's first woman executive director, during the next three or four years will be to develop the bank's international corporate finance business in the Far East.

porters increased their share, pushing up sales to 27 per cent of the 1982 market — just about double the level at which they

Some of these figures are now beginning to crawl back to less

horrific levels as the U.S. economy comes roaring off the

bottom. But the underlying structural weakness of big

Despite the enormous volume production of the U.S. industry
—U.S. Steel, the giant of the sector, produces as much as the

hem, the number two manufacturer, ships more than British

Steel—they are operating from some of the most outdated plants in the world. Only 26

plants in the world. Only 20 per cent of output is by continuous casting, against 86 per cent in Japan; and 9 per cent of capacity is still in open

hearths.
Critics say that many of

are lots of superb facilities,"

says one consultant to the in-dustry. "But often they do not

link up with anything as effi-cient either up or downstream."

The decline started in the 1950s, when some of the lead-

ing companies looked at and then backed away from big new

investments in integrated

probably a rational one in pure

but it marked the beginning of

the slide from world leader-

The decision

But she has also been given a desk in New York — as president of Samuel Montagu Holdings — and will help in planning Montagu's expansion in the U.S. market.

If the government wants to find of office equipment sales,

According to figures for the sales of filing cabinets published by MM Corporation Services, the cutback in local government departmental spending has been "particularly harmful" to filing cabinet sales.

However, there is still plenty of paper being shuffled about the bureaucratic system. Nearly 1m filing cabinets were sold last year in spite of the recession.

### Lucky numbers Daily Express readers competing

for cash prizes in "the world's richest newspaper game" seem to be faring rather worse so far than the journalists who have been quitting the newspaper.

of the Daily Express?" a nonplussed Lord Matthews, chairman of Fleet Publications, was asked at last week's annual meeting. "Do they work in an office or on a turntable?" the critic

persisted, in a reference to the newspaper's 10 editors in The cost to the Express, according to his estimates, of this sort of turnover, would have gone a long way towards fund-Hong Kong where he is opening ing its "Millionaires Club."

His (unconfirmed) list of severance cheques paid out to departing journalists recently includes £150,000 ta City editor Kenneth Fleet: £84,000 to his predecessor Roy Assersohn; £80,000 to Arthur Firth. editor 1980-81; and £100,000 to Christopher Ward, editor 1981-

Sir Larry Lamb, who currently occupies the editor's chair, dismissed associate editor Felicity Green with a cheque for £60,000 and another £100,000 has gone to two foreign correspondents who need no longer correspond.

### Tickled pink

Imitation, they say, is the sincerest form of flattery. So when a new financial daily appeared on the newsstands in Israel, printed on a familiar pink paper, our man in Tel Aviv called the editors to offer his congratulations.

During the ensuing conver-

sation, it emerged that the newsprint for the new Hebrew language paper comes from the FT's own supplier in Scotland. The new paper, Globs, joins Mabat, Yom Yom and Sha'ar. to bring to four the number of financial dailies in a country where just about everybody plays the stock market. I wish the new publication well. It's a nice colour—shame about the name.

### "Who is this week's editor Portuguese pains Attempts by the Government Union. to trim spending in Britain's expensive National Health Ser-

rage from practitioners and patients alike But, if it is any comfort to the British authorities, things

are worse in Portugal. The Portugese, it seems, are real gluttons for punishment. More than half of them are reported by state medical autho-rities to be too fat-the poor

while the rich simply eat and drink too much and do not take Too much salt in local cook

ing also leads to high blood pressure, while the Portugese are Europe's second biggest alcohol drinkers—after France, that is. Until this year there were no drunken driving laws in Portugal and over 3,000 people a year died outright on the roads. For the doctors the style of

fearsome medical problem. With few general practitioners the burden falls on the hospitals which last year handled more than 25m consultancies. From morning until evening each day Portuguese pharmacies are full of ladies armed with

alarming detail to a captive arrived at work with a shopping bag bursting with 16 different remedies costing altogether £30 for her kidney stones, gall-stones, and other aches and

pains. iWth such paid-up enthusiasm for illness it is a wonder the Government does not nationalise on obvious boom business.

### Strike a light Nobody tells better Irish jokes

than the Irish Times. Its latest is one about an Irish trade unionist visiting the Soviet

"This is a fantastic country vice have provoked cries of you have here, never any strikes, he remarked to a Soviet official.

"No. they're against the law here." replied the Russian. "Bejabers, you'd never get away with that in Ireland." said the trade unionist. "All our trade unions are run by Com-

Observer



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### Letters to the Editor

### Pros and cons of the lump of labour fallacy

From Mr Steve Hill

Sir.—Twice in the past fortnight Mr Brittan has used these
pages to rehearse the arguments
against worksharing (Economic
Viewpoint, October 6 and
Economic Notebook, October
13). The basis of his argument is the "lump of labour fallacy,"
the belief in a fixed amount of work to be done. However the

sure full employment was restored. However the very
existence of continued high
levels of unemployment is proof
that the real world is somewhat
different. It is inherently
dangerous in all sciences, but
most particularly in economics,
to consider that theoretical
may be an acceptable price; an
specific to that occur (Dept. of
the particular combination
of overtime and productivity
done by each person may be a
preferable adjustment mechaanism. Of course one way to
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most particularly in economics,
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of overtime and productivity
that the real world is somewhat
that the real world is somewhat
in the real world is somewhat
that the real w lump of labour argument is in no way necessary to illustrate the potential benefits of work-sharing.

creases faster than total output. This is precisely the situation which alarms Mr Pym (Notebook, October 13). Indeed, this is the root cause of gap between the size of the working population and the level of employment which began to appear in the 1970s, graphically if unwittingly illustrated by Mr Brittan resting as it does on the nature of wage compensation, the effects on overtime, output and productivity. For example a decrease in the working week may or may not require full wage compensation (to maintain weekly rise in output per person out-It is this factor, the potential rise in output per person outstripping total demand, that makes the impact of new technology so dangerous in employment terms. Of course the Luddites were wrong, not for Mr Brittan's reasons but because their actions took place at a time of employment growth. When employment is falling, measures to protect jobs or vironment than the onemeasures to protect jobs or redistribute current employment are no more than one Department of Employment, logical response to an adverse for example, has estimated that

automatically through wage rate ment by between 150 and 750 working week.

Changes, to iron out the effects thousands, and reduce memof labour displacement and enployment by between 100,000 U.S., the average working week

The Netherlands.

Sir,—Anyone reading your supplement on enterprise zones (October 18) could be forgiven for thinking their establishment

cost has been moderate, due to quoting a few cost details at

1981 prices. The reality is very

(compounded at 10 per cent). There has also been £150m

claimable capital allowances.

This makes a total "expendi-ture" of £173m (up to May 31 1982) to create 4,592 jobs by December 31 1982. Admittedly,

this is early days as the initial development cost will fund further jobs, but at £37,674 per

job to date, it is proving a very costly way to create jobs. If

one deducts the 60 per cent jobs

transferred into the zones, it has

cost £94,175 per new job!

From Mr A. Holloway

Gimmicky enterprise zones

different.

The EZ policy was seriously flawed by the decision to include 849 existing companies within the original 12 boundaries. They were employing 22,239 persons whose rate bill of £5.4m became state funded. This equates over their ten year life a subsidy of £86.65m or

to a subsidy of £86.65m or or property values, which is to a subsidy of £86.65m or herent increase in dereliction, £3,896 per existing employee in the areas surrounding the

The real economic argument against worksharing is in its potential effect on labour costs. If redistributing employment For unemployment to con-tinue to rise, all that is required is that output per person in-creases faster than total output. The standard and accelerate the sub-

These are the details on which the worksharing debate rests—a rather different environment than the one inhabited by Mr Brittan. The situation. reducing the "normal" workIn the "best of all possible ing week to 35 hours would worlds" of perfect competition, increase costs by between 6 and the labour market would adjust by per cent, increase employment by hermoen 150 and 750

costs, additional expenditure

pany transfers and the lowering

of property values, with the in-herent increase in dereliction,

delusion, in that it won't create

any new jobs, merely redistri-bute work already done by

baked ideas and subsidies are no substitute for hard, honest

work in stable conditions, pro-

prices they are prepared to pay?

42, Grafton Street, Liverpool.

Alan C. Hollway.

existing companies in the UK When will we learn that half-

to be so.

The problem is basically the sort of future that we want. We know there is liable to be less man-hours of paid employment in future (not strictly the same as less work, since there is no shortage of work — only jobs). This reduced demand for labour has been occurring via closures and redundancies, particularly in manufacturing. This path leads to declining employment, but higher real wages for those in work. At the same time the individual and societal burden of unemployment has been ris-ing. What the advocates of

solution to Britain's unemploy-ment problems. However the important and complicated issues involved are worthy of considerably more than Mr Brittan's dismissal as "a flewed, dangerous nostrum." Radical measures have always appeared dangerous to those blinkered by the assumptions of conventional wisdom. This, in itself, does not make them wrong.

Stephen Hill. Lecturer in Economics, The University of Wales Institute of Science and Technology, Colum Drive, Cardiff.

### Reduction in worktime

From Mr René Keersemaker Sir,-Mr Samuel Brittan's in the number of hours in the

in manufacturing industries shortened from 67 to 42 hours. Sir,—Mr Samuel Brittan's arguments against job sharing as a means to reduce unemployment are themselves misleading (October 6 and 13). In his "Economic Viewpoint" of October 6, 1983 he uses a chart to show that the number of people in employment rises in line with the working population. What he does not show, nor mention, is the reduction in the number of hours in the mumber of hours in the member of hours in the Renewsensker.

Wise men and nuclear policy Even the above figure is an From Professor Leslie Hannah large nuclear programme being understatement, as no account has been taken of administrative

from May to December 1982 and the fact that many, if not most, of the remaining 40 per cent of "new" jobs in the zones would have occurred regardless of his extrapolations. However, in accurately reporting my comments on failures in British It should also be said that the nuclear power policy, he draws figures take no account of the the more general lesson: "Treat It should also be said that the the electricity industry's judge-ments on capital investment with caution." This would be good advice on any investment unpleasant aspects of the zones, namely, the unfair competition, the dislocation and cost of comproposal, but it is not, as might be inferred, reinforced by de cisions on the first Magnox programme: on which the nationalised electricity industry's views public and private investment on the original zones for site should alert us to the dangers the views of the Macmillan and land development, plus a of the "free-port" concept, cabinet almost always wrong.

as it is to believe in the age of Sizewell, the CEGB London School of Economics, between 1957 and 1964 consis-tently opposed the excessively Houghton Street, WC2

Sir.—John Plender's comments on my inaugural lecture, "Business Lessons from History" (October 14) went to the heart of so many matters that it is churish to quibble at one of his everymonistients. However, and Delitizing Theorem. have shown in my Engineers, Managers and Politicians. The industry's leaders were treated as fools and knaves by a government which had staked its reputation on a nuclear re-venge for Suez and which refused to recognise the economic folly of their action. How about an alternative lesson for Mrs Thatcher? "If you treat Mrs Thatcher? "If you treat wise men leading nationalised industries as fools and knaves for long enough, you will end up with nationalised industry leaders you think are wise men, but who in fact are fools and knaves."

Testie Hannah

ducing goods people want at From the Personnel Manager,

Surely the cause of the whole issues: the cross-subsidy incount when calculating fund-

Employers, having promised benefits and made on-going con-tributions in respect of employees, presumably are pre-pared to meet those costs right up to normal retirement date. For early leavers, then, it would equitable, say, from April 1984, for transfer values compulsorily to produce the higher of (a) the current cost of promised benefits; (b) the total of employee and employer con-

The usual argument here is

the fact remains the employer is prepared to fund a certain percentage contribution. sequently, to claw this back in some cases only (which effec-tively is what happens) is patently unfair.

Employers who find their total

A number of the restrictive rules?

After all, at the end of the day, the money saited away tax free will produce taxable pen-sions. In fact, the opportunity could be taken to tax them at source as with building society interest thus making Revenue's life easier.

P. J. Danischevsky. 43-59, Clapham Road, SW9

### UK construction equipment industry

# A litany of gloom

By Lynton McLain and Ian Rodger

BRITAIN'S CONSTRUCTION equipment industry is reeling from the double impact of a How the UK market has changed long slump in demand and an aggressive assault on the UK market by Japanese producers. In the past two months, Cater-pillar Tractor has aumounced the closure of its component plant in Birtley, Tyneside, Ruston-Bucyrus has abandoned the hydraulic excavator market, and Terex says it may have to made a third of its workforce redundant by the end of the Most other companies are

suffering, as markets for con-struction equipment remain deeply depressed. The UK market has fallen by about a third since 1979, and there are reports of discounts from list prices of up to 50 per cert list prices of up to 50 per cent. British manufacturers used to be major exporters of construction equipment. In 1975, there was a £100m trade surplus

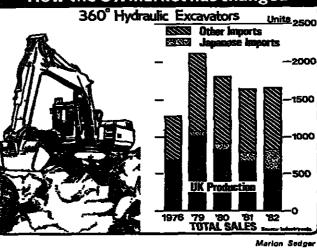
in earthmoving equipment alone. This year, for the first time, there will be a deficit, mainly as a result of the huge inroads made by Japanese suppliers both in the UK and in traditional country and the control of the suppliers. in traditional export markets. In their now well-known style, the Japanese appear to have identified a major sector of the construction industry for a con-centrated attack. The hydraulic excavator sector was an ideal choice, being worth about £40m

a year, 10 per cent of total industry sales, and one of the few that has been growing despite the recession, because users have been switching to them from tracked loaders. The British market was particularly attractive, as there were no significant barriers to entry and no single dominant supplier among the 20 competitors.

years ago, Komatsu and Hitachi had captured nearly 17 per cent of the UK market for excavators last year. They have now been joined by Mitsubishi Heavy Industries, Kobelco and JSW and together they are expected to take more than a quarter of the market this year.
The Japanese manufacturers

From a standing start six

do not have a similarly significant share in any other product in the UK market, nor do they have as large a share of the excavator market in any other industrialised country. British manufacturers com-



Last month, Caterpillar, the world market leader in construction equipment, announced it would close its Birtley works on Typeside because of de-pressed demand for construc-

tion and materials handling

Erie of the U.S. and 49.9 per cent by Britain's GEC, announced it was withdrawing

from the manufacture of hydraulic crawler excavators. The group sold only 44 excava-

tors in Britain last year.
"Until we can make and sell

workers redundant this year.
The one exception to this

litany of gloom from the UK

producers is JCB, which has managed to improve its market

The company has succeeded

concentrating on smaller excavators rather than compet-ing head-on with others. Markets for smaller equipment,

used in motorway maintenance and private housebuilding, have

TRS-80 Model 100

"They are certainly selling into this country at prices well below what others can sell at," says Mr David Barrell, director of the Federation of Manufacturers of Construction Equipment and Cranes ment and Cranes.

Mr Alisdair MacLauchlan. equipment. The plant employs almost 1,000 people and makes components for earth moving managing director of Hymac, once the UK market leader, says: "It doesn't matter bow equipment and fork lift trucks.
Last week, Ruston-Bucyrus,
the Lincoln-based company
owned 50.1 per cent by Bucyrus-

productive we are, we are not in the game. We are accepting prices on deals that are below variable costs."

The Japanese deny any unfair pricing practices. Mr Ian Patterson, UK sales director of Marubeni Komatsu, acknow-

ledges that price competition is the worst he has seen for 30 years, "but we have to trade at a profit, and we are not selling machines at below cost."

Mr Paul Simes, marketing manager of Beazer Plant Sales, the Hitachi distributor in Britain, says, "We are selling well above cost price, and we are

making a substantial profit." He claims Hitachi has overtaken Poclain and Hymac this year to take second place behind J. C. Bamford Excavators. Both Hitachi and Komatsu attribute their success to the quality of their products and service. Whatever the case—and the

question is being discussed not only with the British Government but also with the Japanese Trade Sub-Committee of the European Commission—the fact remains that the plain that the Japanese have Japanese have added signifibuilt up their position by offer-ing exceptionally low prices. turers' problems.

However, JCB is as upset as other British manufacturers about the erosion of prices on hydraulic excavators, and this company too blames Japanese.
"The Japanese say to customers, "Tell us what the others are offering, and we will

better it," a JCB official said. Despite the agonies they are bespite the agomes they are suffering, none of the British manufacturers publicly accuse the Japanese of dumping. They acknowledge that Japan's export push derives in part from a very soft home market. But they would still like relief from the pressure and have from the pressure and have been making representations to the government for several

The Department of Industry would say only that it had met with representatives of companies and of the industry federation. Mr Barrell of the Federation of Manufacturers of Construction Equipment and Cranes, said be believed the government would like to help "but they don't quite know how."

The outlook for the UK producers does not look bright. Mr MacLauchlan of Hymac said that if the rate of price cutting continues next year, it would jeopardise the continued existence of the UK manufacturers hydraulic excavators.

One way of surviving may be to diversify into different pro-ducts. Priestman, the Acrow subsidiary that has seen its share of the UK hydraulic excavator market tumble from 9.4 per cent to 5.5 per cent in the past six years, has devel-oped a high technology excava-tor with a variable counter balance mechanism. It has sold 30 in its first year of production, including five to the U.S.

hydraulic excavators at a profit, we are withdrawing from the market," says Mr Richard Andrews, sales director. Ruston has made 480 of its \$40 Another producer, Mantis Excavators of Corby, has found a niche in the rapidly growing Since making its first machine in January, 1982, this small privately owned British com-pany, has sold 450 units, 25 per cent of them into export position in the past five years, remain profitable and avoid major redundancies. markets.
But the Japanese too are lookby maintaining its leading position in backhoe loaders and

ing for new niches. Komatsu said last week it was entering the UK market for wheeled loaders and was aiming for a 20 per cent market share.

and private housebuilding, have been more buoyant than those for very large scale equipment.

Figures supplied by IBM in yesterday article credited the company with 188 revenues of \$44bn. The correct figures is \$34bn.

### Reducing the tax burden

From the Director.

Low Pay Unit
Sir,—Prof Myddelton (October
11) shows all the symptoms of
fiscal myopia in rejecting the of tax expenditures advocated by Samuel Brittan. From the point of view of the state, tax expenditures (pre-vided in the form of tax reliefs, allowances or conces-sions) reduce revenue and thus have precisely the same effect on the PSBR as direct public expenditure—which Myddelton wishes to see further curtailed. As far as the recipient is concerned, the effect on spending power is also the same whether the state subsidy is paid in cash or kind or as a tax relief.
This is not to argue, as
Myddelton implies, that all tax

reliefs are a form of tax ex-penditure, or that the Government has a right to tax all income at 100 per cent. But those reliefs that crode the tax base (excluding, for instance, genuine work expenses or busi-ness costs) should properly be considered alongside direct ublic expenditure.
Prof Myddelton describes

himself as an advocate of the

Yet tax expenditures serve to distort economic activity, encouraging the transformation of income, expenditure and savings into tax-exempt, but often in-efficient forms. They are a source of inequity between tex-payers, while also requiring that marginal tax rates are higher than would otherwise be necessary to raise any given amount of revenue. Moreover, of resources through tax expenditures is inevitably open-ended, representing a form of

take political courage, but it makes sound economic sense. Chris Pond.

public spending which really is out of control. Once again we see Ministers puzzing over how they might reduce tax rates, and especially the burden on the low paid, while avoiding further politically damaging cuts in welfare spending. Bringing tax expenditures more fully into the system of public expenditure planning and control might help to solve and control might help to solve this painful dilemma. It would

Otis Elevator

Sir,—It was refreshing to ead Michael Beenstock's read Michael Beenstock's article on October 5 and subsequent correspondence in your columns, previously the debate on pensions for early leavers seemed to have become fixated on revaluations and money purchase v final salary arrange-

problem (and hence the solu-tion) arises from two basic herent in final salary schemes which just encourages "cheat-ing" by taking leavers into ing rates (to reduce costs and/ or increase promised benefits) and means that transfer values tend to be based on the current cost of future benefits, rather than cumulative contributions; and the Inland Revenue rules are too complex and unnecessarily restrictive. Would it be too simplistic a solution to suggest legislation along the following lines?

9, Poland Street. W1.

### Pensions for early leavers

that no funding rate is "pro-

costs too high as a result would obviously be free to discuse less ambitious benefit structures with their employees. Schemes could remain on a final salary formula, but apart from the basic rule the method should not be imposed; the reality is that not many employees ever reach the promised maxima anyway.

Inland Revenue rules should be abolished; for example — why should the Revenue restrict portable schemes (except for the self employed) and aggregate AVC's under the two-third rule? Why should the Revenue restrict pension entitlement for less than 10 years' service re-gardless of the employer's will-ingness to fund the cost? Why even, should there be an overall maximum pension under the

### The Revolutionary Micro Executive Workstation For Office Or On-The-Go

 Powerful Built-In Executive Management Software Large Display - 8 Full Lines of 40 Characters
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in your in-tray. The second you turn it on, imagine seeing a menu of built-in executive management programs and your own files, ready for immediate use. All revealed on an eight-line by 40-character LCD display positioned just above a full-size keyboard. And when you leave the office, imagine a four-pound computer you can take along, because it works on mains or batteries.

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### To tell the truth whether the news be good or bad Monetary Fund, the increase in flect U.S. Government policies.

From the Director,

Voice of America Sir.—The October 7 article by your Tokyo correspondent, Jurek Martin, does a great dis-service to the hundreds of professional men and women who work for the Voice of America. His suggestion that VoA news is or has been subjected to ideological pressures is quite simply untrue. VoA news is, by mandate of the U.S. Congress, accurate, comprehenand objective. Our commitment remains the same today as it was in 1942 when the VoA first began broad-casting — "to tell the truth, whether the news be good or

Mr Martin goes so far as to call the VoA "a cheap instru-ment of propaganda." Appar-ently, he does not listen often or carefully to our broadcasts. n our new programme Focus", for example, we

black office holders in America, the civil rights march on Washington, the interment of Japanese Americans during World War II, ethnic separatism around the world, and the crisis in Lebanon. "Focus" is a daily, half-hour analysis of issues in the news. As anyone who listens carefully can easily tell, the people we include in these programmes both oppose and support the Reagan Administration's policies.

We consider it our obligation to present contrasting view-points and we live up to that obligation. One of our new programmes is in fact called "Viewpoints." Our teams include such diverse minds as political columnists Mort Kondracke and Robert Novak, Congressmen Wirth and Ritter, and editors Hendrik Hertzberg

and Allan Ryskind. Mr Martin is correct in point-

superior American way of life." Again, he does not listen often or carefully. In the last two weeks of September, for example, we broadcast a total of fourteen editorials. Two dealt with the Soviet downing of Korean Airlines flight 007. One concerned Congressional hearings on Soviet psychiatry. Other subjects included: The United Nations, the search for peace in Lebanon, small business in the U.S., constitutional principles behind the debate over the U.S. War Powers ported interest in holding free complaints. elections, and Afghanistan. Our Kenneth Y. Tomlinson. editorials are written and c/o The United States of have recently dealt with such ing out that the VoA does produced completely indepen- America Embassy, subjects as: The debate over ing out that the VoA does produced completely indepen- America Embassy, funding for the International broadcast editorials which redently of the VoA news opera- 24 Groscenor Square, W.1.

flect U.S. Government policies.
Part of our mandate from the Congress requires us to clearly and effectively explain U.S. policy. He is incorrect in stating that our editorials are "stuffed with anti-Soviet diatribes and homilies on the superior American ways of life."

They are clearly labelled as editorials before and after they are broadcast. They are they are they are they are they are committed to consumer the superior American ways of life.

We are committed to consumer the committed to committee the committed to committee the committed to committee the committed to committee the tion. They are clearly labelled

tinued improvements of our current affairs programming. We recognise our responsibility to present comment and differing points of view about significant American thought and institutions to our audience and to do so in a thoroughly professional and responsible manuer. The key is balance—a basic requirement of western journalism that is notably absent from Mr Martin's article generalisations, which are not accompanied by a single speci-Resolution, Nicaragua's pur- fic which would support his

# **FINANCIAL TIMES**

Tuesday October 25 1983



### **Airlines** to act on blocked earnings

By Michael Donne in Delhi

THE WORLD airline industry is planning tougher measures in conjunction with governments to comairline earnings in many parts of the world - especially Africa.

These now amount to \$800m and the problem is getting worse, with \$1bn estimated as the likely total by the year end.

It was made clear yesterday at the annual meeting in Delhi of the International Air Transport Association (Ista) representing 124 leading world airlines, that, whereas a few months ago the problem ap-peared to be coming under control, with blocked earnings steadily being cut, in recent weeks there has been a reversal and the total has

Earnings are "blocked" when an airline earns cash by selling tickets in a foreign country that refuses to allow the airline to take the money out, and instead freezes it, in some cases even appropriating it for other uses as a valuable and virtually free source of foreign exchange.

Many airlines, especially those in Western Europe which fly to the ing very worried about this situation and angry at the apparent inability or unwillingness of govern-

Sir Adam Thomson, chairman of British Caledonian, told the meeting that it was "a problem for governments to solve, not the airlines. It is a fact that by not allowing a fair and reasonable flow of remittances to airlines, the governments of the countries concerned are breaking the treaty of an air ser-

But lata is now ready to go even further than complaining to govern-ments. It is openly talking for the first time of stopping flights to of-fending countries. After a particularly tough and outspoken meeting of the association's top policymaking executive committee in Agra. near Delhi, late last week, it now emerges that it was openly agreed that if the problem were not solved, "service disruptions" might easily

The problem of blocked earnings can be properly assessed when the current estimate of \$800m is set against the industry's overall annual loss last year of \$1.8bn. If reve to 17.9m shares, equivalent to 19.8 the inclusion of one additional nue losses of close to SIbn through discounting - the sale of tickets worldwide at less than the official fares - are also taken into account, it becomes clear that by eliminating discounting and blocked earnings. the industry could revolutionise its financial situation very quickly.

Airlines battle to clear doldrums,

### Jaguar plans robotics joint venture

Continued from Page 1

Jaguar is expected to spend more than £50m during the next three years on new production methods. Much of the investment seems like ly to qualify for grants under the British Government's Support for Innovation scheme, which can provide one third of the cash required.

Mr John Egan, the car maker's chairman, would not be drawn on the total investment involved, but disclosed that, so far, contracts for work worth £750,000 had been signed and had attracted provisional financial support under the Sup-

That had enabled Jaguar, part of the state-owned BL group, to speed niques. "But we had no choice about making the investment. We have to put behind each of our workers our rivals put behind theirs.

World Weather

# Sears Roebuck profits surge 73% in quarter

SEARS ROEBUCK, the world's largest general merchandise retail Sears' nine month earnings to group, which has been rapidly ex- \$759.5m or \$2.25 a share, against chandise group which reported inpanding its financial services busi- \$401.8m or \$1.15 a share in the ness, yesterday reported a 73 per cent surge in third quarter earnings

The gain reflects a particularly strong performance by the mer-chandise division, and higher earn-ings from the Dean Witter Financial Services group and the Allstate Insurance group.

Sears said earnings for the quar-ter increased to \$288.8m, or 81 cents a share compared with \$188.7m or 48 cents a share in the same period last year on revenues which grew by 19 per cent to \$8.93bn from \$7.51bn.

Results for the quarter, and the nine months, have been adjusted to reflect the consolidation of Simpson-Sears of Canada after Sears lifted its stake in the company earlier this year from 40 per cent to 60.5 per cent. Excluding Simpson-Sears, revenues for the quarter increased by 10 per cent to \$8.25bn.

The latest results helped lift same period last year.

Revenues for the nine months, including Simpson-Sears, increased by 18.5 per cent to \$25.07bn, and by 9.4 per cent to \$23.14bn, excluding Canadian company, from \$21.15bn in the 1982 period.

Results for the latest quarter and nine months were lifted by capital gains of \$4.7m after tax in the latest quarter and \$58.2m in the nine months, compared with a \$20.3m after tax loss in the year ago quarter and \$30.9m in the 1982 nine months. Mr Edward Telling, chairman

and chief executive, said strong per-

formances by the company's merchandise, insurance, real estate and financial services groups contributed to the earnings improvement.

He noted that operating income for the third quarter totalled \$378.1m against \$238.4m last year and \$865.3m compared with \$343.4m for the nine-month period. attributable to the general mercome for the latest quarter of S158.9m, a 126 per cent increase over the \$70.3m in 1982 quarter.

This was attributed to improved

and lower effective interest rates. Third quarter revenues increased by 21.4 per cent to \$6.19m.

reported a significant income gain of \$146m in the quarter, against \$122.8m last year on revenues of \$6.01bn compared with \$5.53bn. Perhaps the most dramatic and

surprising results came from the Dean Witter Financial Services group. While other financial services groups and the Wall Street firms in particular, have been strug gling to maintain earnings, the Sears group reported income of \$20.4m, compared with \$12.4m last year on revenues of \$505.2m

### Getty Oil wins protection pact against unwelcome takeovers

BY WILLIAM HALL IN NEW YORK

oil company, has signed a one year executive of Mesa, who is masteragreement with its two biggest minding the stalking of Gulf, shareholders, who have agreed not warned yesterday that while the into sell their shares during the term vestor group has not decided what of the agreement.

The agreement with the Sarah C. sumed that the investors will be Getty trust and the J. Paul Getty passive.
Museum, which together control 52 Mr Pi example of the efforts by major U.S. oil companies to protect themselves against unwelcome takeyear as a possible takeover candi-

Gulf Oil, which earlier this month biggest shareholder group in Gulf announced plans to form a new Deland is followed by Mellon Bank, aware holding company in an effort which owns 6.7 per cent. to protect itself from disruptive action by minority shareholders, is an aggressive Texas oil company which has a reputation for investing in the undervalued stocks of fellow oil companies.

Mesa announced yesterday that it had increased its stake in Gulf Oil per cent of the company's equity. Its purchases so far have cost \$791m and it has said that it is willing to spend up to \$1.1bn on Gulf Oil shares. Trading in Gulf shares has been unusually heavy over the last couple of months, and last Friday a 2.5m block of Gulf Oil shares changed hands for \$118.1m, making it the third biggest ever transaction on the New York Stock Exchange.

French and

**U.S.** troops

'must stay'

action it will take. "it cannot be as-

Mr Pickens also said that the inper cent of Getty Oil, is the latest itial reaction to Gulf's proposals to set up a new Delaware holding com-pany is that it "would be disadvantageous to Gulf's shareholders." Acovers. Getty Oil's name has been cordingly the investors presently mentioned regularly over the past intend to vote against the proposal as they now understand it. The Mesa investor group is now the single

Mesa has lined up credit lines with its bankers to help it finance currently being pursued by a group its purchase of Gulf oil shares. Me-of investors led by Mesa Petroleum, sa noted that certain banks have determined not to participate in the credit commitment under Mesa's revolving credit agreement and that such bank's commitments have been replaced by banks which have increased their participation and by

> The Getty Oil agreement which was signed last week, provides that fundamental corporate changes will be effected only with the agreement museum, which controls 11.8 per ventories and a tax credit.

GETTY OIL, the 14th largest U.S. Mr T. Boone Pickens, the chief cent of the stock, and the other four are to be selected by the trust, which owns 40.2 per cent of the Getty stock, and must be acceptable to the company and the museum.

 Getty yesterday reported margi-nally higher third-quarter earnings of \$183.7m. Its revenues dipped from \$3.1bn to \$2.9bn, as earnings per share rose from \$2.28 to \$2.32. Standard Oil of Indiana, the sixth biggest U.S. oil company, reported a 5 per cent increase in net thirdquarter earnings to \$584m

The improvement was attributed primarily to better refined product margins and higher earnings from chemical operations which have rebounded from previously depressed levels. Higher crude oil and condensate production volumes overseas sate production volumes overseas also boosted earnings but were to some extent offset by lower crude oil prices and reduced natural gas

The group's third quarter results include a \$45m provision for the loss on the sale of surplus tankers. However, this was largely offset by a net benefit of \$30m from the der the last-in first-out method (Lifo) and disposal of U.S. fertiliser and pesticide operations.

Ashland Oil, one of the biggest inof the company, the trust and the dependent refiners, reported a museum. In addition Getty Oil's \$24.7m drop in its final quarter net board will be increased from 12 to income to \$51.7m. Last year's fig-17 members. One new member will ures had been boosted by a \$48.6m be designated by the J. Paul Getty pre-tax gain on the liquidation of in-

### Czechs to keep tight rein on debt to West

Continued from Page 1

"criminals who would not go unpunished." U.S. officials have long suspected that Iranian religious extremists were involved in the embassy attack. Iran denied any involvement in

the Beirut bombings. The national news agency said the U.S. had accused Iran of complicity in order to prepare the grounds for a military crisis in the Gulf and to build up its

In Syria, newspaper editorials also denied responsibility and said that the bombings were carried out within the framework of confronting the forces of occupation and these who expect them. those who support them. It is a part of the civil war in Lebanon, espe-cially since the marines and other multinational forces participated ef-fectively in the battles in the Chouf

Most Lebanese commentators ar gued that the attacks were aimed at sabotaging negotiations

BY DAVID BUCHAN IN LONDON CZECHOSLOVAKIA intends to Comecon. He did not expect any im-

consolidate this year's improve-ment in external finances and domestic production by keeping a tight hand on imports and borrowing from the West, according to Mr Jaroslav Kroh, the chief manager of its central bank.

Gustav Husak is aiming at a repeat of last year's \$800m hard currency surplus, out of which it can further reduce its debts to the West, Mr Kroh said in an interview in In line with other orthodox mem-

bers of the Soviet bloc, Czechoslovakia publishes no figures on foreien debt, but western estimates put it at \$3.4bn last year.

The Government of President

Mr Kroh said the \$50m loan which Czechoslovakia raised this summer from West German, Austrian, U.S. and Japanese banks was "for us a symbolic question of get-ting back on to the Euromarkets"

mediate further financial borrow

Imports from the West remained tied to the general need for a hard currency surplus, typified by the fact that in the first eight months of the year Czech exports to the UK were, at £74m (\$111m), running £26m ahead of British exports to Czechoslovakia.

For essentially political reasons the Husak Government has never admitted to the slight drop in na-tional income of 1981-82. But Prague officials are clearly relieved to have better figures to report now - a 3.2 per cent increase in national income in the first half of this year which should at least ensure the target of a 2 per cent increase for

the whole year is met.

Proud of being conservative the sense of prudent, the Czechs are casting a cautious eye on limited economic reform elsewhere in after the 1981-82 credit squeeze on the Soviet bloc.

### Soviet missile plan

Continued from Page 1

sak. of Czechoslovakia. It was pre- both East and West. sented as being "in accordance with an understanding reached by the governments of the Soviet Union, the German Democratic Republic and Czechoslovakia."

In practice, these are the two Warsaw Pact countries with the highest concentration of Soviet forces on their soil. They enjoy the least autonomy in military matters.

lowed a meeting in Prague between of the Soviet Union's defensive corleaders of the two new host nations, don. Romania has actually refused Herr Erich Honecker, of East Ger-many, and President Gustav Hu-has called for missile reductions by

Dissent has also been expressed in other East European countries, including East Germany itself, where the main Communist Party newspaper, Neues Deutschland. this weekend prominently carried a letter from an East German Protestant group in Dresden.

The letter said the signatories Neither Poland nor Hungary was were "dismayed" by the prospect of mentioned in the Moscow state missiles also being deployed on ment although they too form part East German territory

# sharply lower in quarter

Apple

APPLE COMPUTER, the once fast growing U.S. personal computer maker now facing fierce competisales, continued expense controls tion from other manufacturers in cluding International Business Machines (IBM), yesterday reported sharply lower fourth-quarter profits. However, it still managed to post a 25 per cent earnings increase

The company said its fourthquarter earnings ending September 30 fell to S5.1m or 8 cents a share from \$18.7m or 32 cents a share in the same period last year on sales which nevertheless increased from \$175.8m to \$273.2m.

The sharp reversal in Apple's profitability is apparent from the full-year figures which, despite the poor fourth quarter, increased to \$76.7m or \$1.28 a share from \$61.3m or \$1.06 a share on net sales which soared by 89 per cent to \$982.8m from \$583.1m.

Apple's poor fourth-quarter re-sults had been widely expected fol-lowing warnings last month from Mr John Sculley, Apple's recentlyappointed president and chief ex-ecutive officer, that earnings would be hit by market conditions and special write-offs. That prompted a sell-off of Apple stock, with more than a quarter of the Californiabased company's market capitalisa-tion being wiped out in a single day. Since then Apple's stock has con-tinued to be buffeted by growing concern on Wall Street about a shake-out" in the industry. Yesterday Apple's shares were trading at

around \$19%, down 50 cents since the close on Friday, compared with \$82% just four months ago.

Mr Sculley, who joined Apple in May from Pepsico, said of the results yesterday: "As previously announced, in the fourth quarter market conditions and several strategic decisions which were made to strengthen the company caused a reduction in earnings from the

third quarter of fiscal year 1983 and

the fourth quarter of fiscal year 1982." The factors affecting fourth-quar-ter earnings included write-offs as-sociated with the transfer of the manufacture of the Lisa computer to volume plants in Dallas, Texas, and Cork, Ireland, and earlier this month Apple laid off 40 per cent of the worldorce at its plant in Carrolloon. Texas, because of flat sales of its Apple IIE computer.

● Warner Communications has delaved the production and marketing of its two higher-priced Atari com-puters, the RPNPXL and the 1450 XL. The decision, following losses of more than \$500m in the Atari unit so far this year, is seen as a reaction to the expected launch in the next few weeks of IBM's much heralded Peanut computer.

### **Budget deal** averts Danish election threat

By Hillary Barnes in Copenhagen

DANISH Prime Minister Poul Schlüter rode out a new threat to his four-party minority coalition Government yesterday when he won support for some of the main items affecting the 1984 budget in a deal with the social-liberal Radical Party and the anti-tax Progress Party. This assures the Government of the majorities it needs for its economic policy.

The agreement was hammered out after 10 days of intensive negotiations. Mr Schlüter had warned that if there was no deal by the beginning of this week he would call an election.

But the Government may have won only a short breathing space. The opposition social democrats are pressing for an early debate, possibly on November 3, on the issue of Nato deployment of medium range missiles in Europe. On this occasion, the Radicals are expected to ioin the socialist parties in criticising the Government's continued support for Nato's 1979 twin track decision, which could precipitate a new Government crisis.

Yesterday's economic policy deal means that planned 1984 budget im-provements (both cuts in spending and increases in revenue) totalling DKr 10bn (S1.1bn) bave been reduced to DKr 7.8bn, but the Government promises to make the figure up to DKr 10bn by finding new spending cuts later. Finance Minister Henning Christophersen said the deal will bring the budget deficit down from about DKr 62bn in 1983 to just under DKr 60bn next

One major item to be dropped was the Government's proposal to make the wealthiest 20 per cent of the population pay for some medical services.

THE LEX COLUMN

# Dial Telerate for Reuters

The dollar may still be a favourite financial refuge at moments of uncertainty, but yesterday's response to the weekend's tragedy in Beirut was muted. There was a degree of early gloom on Wall Street, reflecting a worse turn in the MI statistics, but things seemed more cheerful when the market had excellent third quarter results under its belt from General Motors and Sears.

Anyone closely monitoring the value of Reuters ahead of its flotation was picking up some interference from a foreign station yester day as Telerate announced an 80 per cent jump in its net income for the year to September, to \$20m. Reuters screens showing a £1bn price tag for the coming offer attracted particularly heavy static, but it might be a little premature for viewers to adjust their sets. Telerate has not raised its rental

charges for three years and a remarkably consistent, fast growth rate has been built on the aggressive expansion of its network. Of 11,200 sets installed in September, about 3,000 are outside the U.S. and there is no doubting the potential for Telerate internationally. Since Exco acquired control of the company in June, Telerate appears to have injected rather more urgency into the non-U.S. marketing efforts of its 49.9 per cent owned joint ven-ture with AP Dow Jones.

With no borrowings and cash just over \$70m at present, Telerate's baiance sheet should have no problems funding the hardware required. Net income of perhaps \$23m for calendar 1983 could grow to 533m or

At \$0.48 per share, the latest 12 months' earnings have been only slightly diluted by the 4m new shares issued in May, which raised \$80m cash. Telerate's shares still which totalled around C\$14m prestand around \$20 each, implying a multiple of 42 on an actual tax baard of debt amounting to about

Reuters on the basis of an estimated £55m pre-tax profit for this year produces a capitalisation of over Cl. Ibn. But the market will surely demand some discount from the Reuters shares to take account of the group's other less exciting activ-

There seems no reason, though, why Telerate's own success should cast a shadow over Reuters: the two networks provide far from identical services and their rivalry looks a powerful catalyst for the aggregate

Tate & Lyle was still rattling noisily in the cup-board. Zymnize, the Canadian high fructose corn syrup producer, was the one clear reminder of Taie's earlier history of commercial mis-

In its brief six - year history, everything that could have gone wrong with Zymaize has Construction costs overran, teething problems developed and the depressed world sugar price made the product hopelessly uncompetitive on the Ca-nadian market. Even now, the sugar price would need roughly to double for Zymaize to make money

The problems loomed even larger for Redpath Industries, the 51 per cent owned Tate subsidiary which holds the half share in Zymaize. So the proposed deal by which Red-path will hand over its stake gratis to John Labatt, the other Zymaise partner, looks sensible for all con-

Tate will take an extraordinary write-off Cl.5m but, in exchange, will be shot of consolidated losses CSS3m. The effect should be to

leave Tate's belance sheet virtually ungested, a far my from the dark ted up to £115m. Net worth in the September balin the

mil

ance sheet should be not far short of £300m, so Tate now has room for an acquisition in the Ciebra plus bracket. Recently the company has been winning plaudits almost all round – yesterday the shares rose another by to 35th – but its biggest

Bibby has squeezed out some re-markably invounable terms on which to make its exist from the edi-When Tate & Lyle set the seal on its financial rehabilitation with last month's rights issue, one skeleton net asset value and probably not far short of twenty times last year's net

> Overcapacity in the UK, where the whole refining industry has been running at around 70 per cent of its technically possible output, has combined with the sysiability of low cost imports from the EEC to depress crushing margins in the last few years. Bibby has now decided that this is an erratic activity in which the likely returns do not justify the necessary investment.

> Bibby's decision must have been hastened by the emergence of a new competitive combination racti-er this year, forcing Bibby to choose between building up its own market position (at considerable cost) or finding a way out. This has now been provided by Bungs, an inter-national company with large enough resources to take on this expensive challenge.
> The deal takes Bibby's belance

sheet into net cash, adding to the scope for investment in areas where the return is nearer to the 24 per cent achieved in hibby's other businesses last year than the 8 per cent gleaned from oils, the shift away from agriculture will surely

ADVERTISEMENT

# NEWS REVIEW

### **BP** orders telemetry

outstations

BP Petroleum Development Limited has ordered an evaluation model of a fault tolerant high reliability telemetry outstation from Ferranti Computer Systems Applications for the out-station include relaying data to operate oil and gas pipe-line valves, chemical plant control and communication of fire and gas hazard detection information. The outstation will include triplicate functional units operating in parallel and ensuring extremely high reliability.

### Communication

specialists Ferranti has published a brochure entitled "Communi-cation Specialists" which summarises the Group's many years experience in the design and implementation of communications systems and



### The Italian connection

In its first year of collabora-tion with GTE Telecommuni-cazioni of Milan. the Communication Systems Group of Ferranti announced orders for transmission products approaching film sterling. Customers include British Telecom and Mercury Communications.

### Briefly . . .

A new Information Tech-nology Centre (ITeC) has been opened by Ferranti in conjunction with the Man-power Services Commission. Teradyne Connection Systems Inc has licenced Ferranti to manufacture and market Tendyne "Dynamic Retention" press-fit backplane interconnection systems in

COMPUTERS

### Argus naval data link

The Royal Navy has sciented Ferranti Computer Systems to develop and manufacture prototype Data Link Pre-Processors (DLPP). These will be based on the Ferranti Military Argus Compact (MAC) computer. By providing the data link function with a dedicated "front end" computer, the DLPP will remove a major part of this function from the AIO/CIC system processor and enable easier implementation of enhancements and modifica-

Although primarily intended for integration with current and future RN systems. I DLPP will have sufficient flexibility to be reconfigured to suit other roles and also to manage the transfer of data between two or more-links operating concurrently. The provision of a reference system on the DLPP is also likely to ease interoperability trials between different

OIL PRODUCTION

### Measuring the flow

Limited has signed a contract with Ferranti Data Systems Group for the supply of tele-control equipment for use on the Mossmorran-Braefoot Bay

the Mossmorran-Braefoot Bay Complex operated by Shell Esso.

A pipeline conveys various natural gas liquids from the gas-fractionating plant at Mossmorran in Fife, to the terminal at Braefoot Bay on the light of t the Firth of Forth, for load-ing on to sea-going tankers. Ferranti is installing Mk 2A telecontrol equipment at both sites to monitor plant status, such as valve positions, and performance parameters such

as pressure, temperature and flow. Information will be passed to control centres at both ends of the pipeline for use in the process computer and for display on mimic diagrams so that both centres will have full information regarding the operation, status and integrity of the

complex.
The Massmorran Terminal The Mossmorran Terminal Unit (MTU) will pass digital information to the Remote Terminal Unit (RTU) at Bractoot Bay for display on a mimic diagram. The RTU will return digital, plarin and analogue information to the MTU for use at Mossmorran.

TELEPHONES

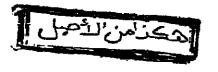
### £1m exchange for ICI

A Ferranti GTE computercontrolled PABX (Private
Automatic Branch Exchange)
has been installed at ICL
Billingham, Teesside, Installation value is around £1m
and the GTD-4600 digital
PABX provides 3.300 extensions. The system has greatly
improved the site's communiimproved the site's communi-cations efficiency and enables

directly to the extension handling their account. This facility also helps relieve the switchboard operators of the more tedious routine work allowing more time to help new customers whilst saving time and call charges for



Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt Main, A.V.-Here, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Roard of Directors. Printer Frankfurt/Main. Responsible editor: David Buggss, Frankfurt/Main. 6 The Financial Titus 146, 1982.



3 fund a

Mpetro

# SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday October 25 1983

James Buxton in Rome looks at the challenges facing an Italian state-owned conglomerate

IRI chief ready to carry out steel closures



### **National** Intergroup returns to profit

By Terry Dodsworth in New York

NATIONAL Intergroup, parent of National Steel, the fourth largest U.S. steel company, achieved a turnround to net earnings of \$18.2m or 80 cents a share in the third quarter to September, compared with losses of \$92.6m in the same period last year.

National's figures include an exceptional gain of \$12.6m on the exchange of common stock for debt, but Mr Howard Love, chairman and chief executive, said that operating profits from the company's core steel business improved in the third quarter and should show further advances in the final quarter. "Our restructured flat-rolled steel plants are now operating more efficiently and at approximately 90 per cent of capacity," he said.

In the first nine months of this ar, National's losses totalled \$116.4m, including a \$100m write off on the sale of its Wierton steel division. This compares with a loss of \$180.8m in the same period of 1982. • Armco, the U.S.'s sixth largest steel company, announced a large jump in third-quarter losses to \$421.5m net against \$122.6m in the same period a year ago. This increase was mainly caused by a \$235.9m charge against the close-down of its Houston facility, but it also took an additional \$60.8m charge on a write-down of assets.

For the first nine months of this year, Armeo's net loss has now risen to \$625.7m against \$162.3m last year, while sales have fallen from \$4.3bn to \$3bn.

### Xerox to pull out of city

By Paul Taylor in New York

the "High Street" computer retail earnings. network it has build up over the

In a surprise announcement, Xerox said it had signed a letter of in-tent with a group of Dallas-based investors to sell almost all its 54 U.S. city-centre stores, which it opened to sell Xerox computers and

office equipment.

The decision marks a significant change in marketing strategy for the group, which, together with International Business Machines (IBM) pioneered the introduction of "own brand" retail computer and of-

fice equipment stores across the Xerox said the move was made necessary by "changes in the marketplace." Specifically, Xerox be

lieves the rapid expansion of com-puter retailers selling a wide range of equipment in the U.S. over the past few years has made Xerox's In August, Xerox announced the signing of its first contract with a

New fund offer for Sulpetro

retail chain

By Robert Gibbens in Montreal

SULPETRO, a Western oil and gas producer, which two years ago bought Candel Oil for C\$800m (\$488m), has confirmed that undisclosed interests have offered to invest C\$150m of new funds in the

The investors would buy 10m Sulpetro shares at C\$7.50 a share and a C\$75m 10 per cent convertible debenture. Sulpetro said it will make a decision this week on whether to accept.

Sulpetro has been struggling with a heavy long-term debt of around C\$800m incurred mainly for the

Swiss move on foreign risks BY JOHN WICKS IN ZURICH tries had been distributed. Official policy has been that banks must be responsible for evaluating their that "profits and costs are develop-THE SWISS Banking Commission has called on a number of banks to increase provisions against soverown sovereign risk exposure, but eign risks. The banks in question, that the commission must ensure many of which are foreign conthe banks have "effective protrolled, have been asked to discuss proposals with the commission in

electrical products.

the next few days. This follows a survey of the for- are in relation to their financial poteign risk exposure of internationally active banks. Although the comnission president, Dr Hermann Bodenmann, said earlier this year that in an international comparison Swiss banks were in a good position sion in the list. with regard to sovereign risks, the commission's annual report

stressed that the banking system had "not remained immune" to the

ing well in comparison with cautious budgeting.

The bank has already announced record gross earnings for the first half of 1983 and says that results for the years as a whole should be above 1982, when net profits reached SwFr 303m (\$144.2m).

Credit Suisse's balance sheet to-tal rose to SwFr 77.88bn by the end of September, compared with about SwFr 76bn at mid-year and SwFr 73.5bn at the end of 1982. The duefrom-banks sum rose in the third quarter from SwFr 17.8bn to SwFr will have to show a loss as a direct dropped from SwFr 36.1bn to SwFr



Professor Prodi: Aiming to

the Christian Democrats he is not a cians. One of his first moves was to forbid any executive of an IRI comticians - all was to be done through

He has insisted that all appoint-But steel presents a far greater

sequences. Sig Prodi points out that two-thirds of IRI's projected loss for this year will consist of the L2,100bn deficit of the steel subsidiary Finsider, due mainly to the fact that Italy has been keeping in oper-ation much more steel capacity than is justified either by the pres-ent or future market. "Whatever we manage to get the EEC to allow us by way of extra quotas, we would still have to make closures," says

restore IRI to health

member of the party nor has he kowtowed to them or other politipany from having contact with poli-

ments to IRI companies be made on the basis of professional qualification, not political affiliation, and he mercilessly sacked the entire boards of Banco Di Roma and of the Lloyd Triestino shipping line for in-competence and worse. Recently the heads of some senior men rolled in the telecommunications sector. I have had some very hard battles," said Sig Prodi "but I have never been blocked on this by politicians." challenge. Almost everyone accepts

tacitly that steel must at last be cut, talk about the alternatives," he but no one wants to accept the consays. "If the Government wanted to into a special state agency like the railways, the cost to the state would be even higher."

bring more private money into IRL. Several IRI subsidiaries have pri-

It was Sig Prodi who put Finsider's outline plan to the unions last month. It involves the loss of 25,000 jobs out of a steel workforce that has fallen only 4 per cent to 92,000 since 1974, and the closure of virtually the whole of the Cornigliano works at Genoa, as well as cuts at other plants. The plan has aroused predictable anger among the unions and there has been some wavering by Sig Clelio Darida, the Minister of State Shareholdings and Sig Prodi's

"I can't say exactly when the clo- But individual sales tend to hit trousures will take place - it will be ble with the unions, as happened done in discussion with the unions when Sig Prodi sold a heavily losson a plant-by-plant basis with early retirement for the redundant," says Sig Prodi. "But losing billions of lire a day, we just can't wait."

Sig Prodi seems remarkably results of production of the remarkably results of productions of the results of the remarkably results of the remar

laxed about the prospect of getting strategic" businesses, including fersuch a sweeping project through, ries across the Strait of Messina showing the confidence of someone and motorway service stations are who believes he has an unanswerbeing considered for sale. "IRI able case, and the fact that IRI is should be in the company of the

take steel away from IRI and put it shareholdings minister, Sig Gianni into a soecial state agency like the de Michelis, of IRI subsidiaries

Restructuring steel and ship-building is not the only part of Sig Prodi's recovery strategy. To ease the external capital shortage - IRI has asked the Government for almost L9,000bn in new funds up to the end of 1985 – Sig Prodi wants to

vate sector shareholders and some are still quoted on the stock ex-change. But Sig Prodi's policy suf-fered a serious rebuil last week when Parliament blocked a controversial scheme for Pirelli, the private sector cable maker, to take a stake in Stet, IRI's telecommunications holding company.

The idea dear to Sig Prodi, of selling off branches of IRI which have little obvious need to be under its wing is not nearly as contentious boss, but so far the policy stands. as "denationalisation" is in Britain.

cess started by the previous state

making co-operation agreemen with foreign companies in fields where Italy lacks the necessary technology. He visited Japan re-cently and is soon to go to the U.S. It's a pity these agreements always seem to be with companies outside the EEC," he says. "Europe is ob-sessed with its flag companies."

A more controversial idea is to sell off branches of IRI which have no obvious need to be under its wing. "Denationalisation" is considered far less revolutionary in Italy than in Britain,

Nevertheless Sig Prodi had to shrug off some characterstically harsh words from Sig de Michelis when he sold a heavily loss-making farm that happened to be on IRI's books to private interests.

"IRI", he says, "is not a nationalised industry like they have in other countries, despite its recent history. It must be an enterprise to lead other industries. There is no reason why it shouldn't achieve the same degree of profitability as a private company - its product mix is no worse. I certainly can't predict when it will return to profit.

Closures are always expensive and no one can make much money with interest rates at these level (prime rate is 18.75 per cent). We should, however, be in equilibrium in three or four years," Sig Prodi

### **Earnings** growth continues at Sperry

SPERRY, the U.S. computer, de fence systems and industrial products group, yesterday reported a continuing improvement in its fiscal second quarter earnings and said it expected the trend to contin

Net earnings reached \$31.1m or 60 cents a share in the quarter ending September 30 compared with depressed earnings of \$9m or 20 cents a share in the 1982 fiscal second quarter. Revenues increased from \$1.18bn to \$1.24bn.

The sharp improvement in earnings continued a turnround first apparent in the first quarter and lifted earnings for the half year to \$55.7m or \$1.21 a share compared with \$25.2m or 57 cents a share in the 1982 period. The 1982 figures included a 24 cents a share gain on the sale of Sperry's UK electronic systems operation, revenues were flat at \$2.45bn compared with \$2,40br

Mr Gerald Probst, chairman and chief executive, said the earnings improvement "resulted from the stringent cost-cutting measures instituted over the last 18 months and from better economic conditions in several of our markets."

Despite this, Sperry's revenues continue to reflect tough competi-tion in some of its markets, particularly from IBM in the mainframe

During the quarter, Sperry's computer systems revenue was up 1 per cent, while flight systems revenue declined by 3 per cent. This was offset by continued growth in revenues from defence business which increased by 22 per cent.

Earlier this month Sperry an nounced plans to sell its worldwide Vickers operations to Libbey-Owens-Ford. The company said yesterday it does not expect the sale to two-for-one stock split earlier this affect earnings significantly in fis-

1982

FT25.10

### Hypobank issue to raise DM 210m

most of Italy's telecommunications ago. He is an economist and expert

groups and their suppliers, broad- on industry, but is not at all starry-

ing, shipbuilding and the auto-might expect of someone from Reg-strada network. Its 1982 turnover of gio Emilia in the dead flat Po Val-

L37,760bn (\$23.5bn) makes it the ley. He admires the success and in-

Industriale, was founded under omy. Tally does not have a very Mussolini in 1933 as a temporary promising future ahead of it. Neith-

could play a leading role in develop- Though appointed at the request of

BY JOHN DAVIES IN FRANKFURT

"IT'S NO good asking me whether the politicians have the necessary

courage. You must ask me whether

I have. I'm going ahead with these cuts because I believe that the job I

took on a year ago to restore IRI to

health requires them, even though they are unpleasant. I haven't

moved a comma from what I said I

That is the strategy of Professor Romano Prodi, the chairman of IRI,

Italy's chronically sick state industrial holding company, and the man who has largely taken upon his own shoulders the task of drastically cutting Italy's previously untouchable steel industry. His determination and human transfer of the steel industry.

ation and bluntness make the politi-

cians cringe but none has yet dared

extraordinary and most unappeal-ing jobs industry has to offer any-where. It is a colossal rambling em-

pire, consisting of more than 1,000 companies including banks, steel

casting, Alfa Romeo, Alitalia, ship-

biggest enterprise in Western Eu-

IRI, Istituto per la Ricostruzione

measure to deal with the depression. But the temporary became the

permanent and IRI came to be seen

as the vehicle by which the state

rope, apart from oil companies.

Running IRI is one of the most

disowa him.

BAYERISCHE Hypotheken und closed in trading on the Frankfurt Wechsel Bank, one of West Germany's largest banks, is raising DM 210m (\$81m) in a one-for-eight dividend from January 1 next year.

At the same time the Munich-XEROX, the U.S. diversified office based bank expressed confidence bank's capital and reserves to more equipment group, said yesterday that it would again recommend an than DM 2bn. that it planned virtually to abandon 18 per cent dividend on this year's

Bayeristhe Hypo is increasing its capital by a nominal DM 60m to DM 539m. Each share, with a nominal value of DM 50, will be offered at a price of DM 175.

The price of the offered shares is

progress

Bayerische Hypo said that the rights issue would increase the

since 1980 and would increase the base from which to expand busi-

ing key industries. By the 1970s that objective had been largely ob-

scured by the Government's re-

dustries no one dared close, make

uneconomic investments in the

south and provide patronage in the

form of jobs for the politically de-

and of government inability to fi-nance IRI properly, is that IRI's debt is almost as great as its turn-

over - L35,000bn at the end of last

year, and its losses are rising from 1.2,670bn last year to around 1.3,000bn this year. Although IRI,

which employs about 550,000 peo-ple, includes some strong compa-

nies and will have a gross operating

margin of L6,000bn this year, it

symbolises the state-run economy's

and ready tolerance of inefficiency.

than Sig Prodi, who is 44 and be-came chairman of IRI almost a year

eyed: he is as down-to-earth as one

ventiveness of the small Italian

businessman, but does not do any-thing to transform the Italian econ-

To make that transformation Sig

Prodi sometimes seems to be defy-

ing the laws of political gravity.

er will it write much history."

No one feels this more strongly

lind preservation of the status quo

. It said that banking business this year was very satisfactory. Despite the need once again to make considerable provisions for risks on credit business, the management more than DM 100 cheaper than the price at which the bank's shares tain the dividend level.

### **Sharp gains for FCA** as deposits pile up

BY WILLIAM HALL IN NEW YORK

its third-quarter earnings, with net . income up from \$6.8m to \$46m. The assets of the company, including the First Charter acquisi-

tion made earlier this year, in-creased to \$22.3bn from \$5.6bn a

BY TERRY BYLAND IN NEW YORK

facturer of vehicle components,

semiconductors and electronic and

FINANCIAL Corporation of America (FCA), parent of the biggest savings and loan association in the U.S., has reported a sharp jump in its were \$17.6bn at September 30, 1983, against \$4.9bn at December

Real estate loan volume for the first nine months reached \$7.6bn. with an average yield, excluding the effects of fees, of 12.33 per cent. Mr Charles Knapp, chairman and The substantial volume during the chief executive of FCA, says that period increased American's defor the first nine months of 1983,

American Savings and Loan Asso- come) to \$89.7m, which will be amciation's sales network produced a ortised into income over future peri-record \$5.8bn of deposit growth, ex-

Sales boost for Eaton change factors.

# HIGHER SALES and profits were the company was "ideally posi-announced for the third quarter at Eaton, the Cleveland-based manu-ductive economic season."

\$1bn merger

TWO LEADING U.S. hospital management groups, Lifemark and American Medical International

The agreement, widely expected after Lifemark announced that it was talking with potential partners, will create a combined operation owning 134 hospitals concentrated in Texas and California

cal's Friday closing price of \$27 a share, Lifemark shareholders will receive \$46.50 a share against a closing price of \$30.25 on Friday.

The two companies claim the \$483m in Calendar 1982.

### Setback for Phibro-Salomon

BY PAUL TAYLOR IN NEW YORK

commodity trading group, yester-day reported a decline in third-diluted) from \$134m or \$1 a share quarter earnings, but earnings for the first nine months continue to be substantially higher than last year.

PHIBRO-SALOMON, the Wall Brothers by Phibro, said third-quar-Street investment banking and ter net earnings fell to \$117m or 83 (90 cents a share fully diluted) in the same quarter last year on revenues which increased to \$7.13bn

For the first nine months this

year the group reported net earn-ings of \$348m or \$2.49 a share com-pared with \$239 or \$1.76 a share a year earlier.

\$18.53bn to \$21.17bn. The 1982 results have been restated to reflect a

Trend of Earnings

# WEDISH MATCH

Following a period of extensive structural re-organisation, Swedish Match today is an international corporation with a strongly decentralised operating structure comprising the groups Tarkett (flooring); Match (matches, lighters and associated products); Akerlund & Rausing (packaging); Doors; Kitchens; and Other Activities (including Alby Klorat and real estate administration). Headquartered in Stockholm, Swedish Match operates through some 150

subsidiary and affiliated companies in 40 countries throughout the world. The corporation employs more than 31,000 people. Shares of the parent company have been quoted on the London Stock Exchange since 1922 and are also quoted on the stock exchanges of Stockholm, Paris, Brussels, Antwerp, Amsterdam, Basle, Bern, Geneva, Lausanne and Zurich.

Tarkett produces vinyl, wooden and textile flooring. Recently the group has almost doubled its sales as a result of US acquisitions and Tarkett is now the world's second largest producer of flooring with a total annual production volume of 60 million square metres and sales for the 12 month period ending August. 1983 in excess of £181 million.

Match
Match is the most internationally diverse group within Swedish Match. It was the first operating section within the corporation and now has factories in some 30 countries throughout the world. In addition to matches the group also produces lighters matches, the group also produces lighters and other related consumer products, and is active in the fields of forestry and trading. Group sales for the year ending 31 August, 1983 are £158 million.

Akerlund & Rausing
Akerlund & Rausing is uniquely experienced within the fields of packaging material
and systems. It works with highly developed
techniques and advanced combinations of

fferent materials to handle distribution. The group is well prepared for further international expansion. Sales for the 12 month period ending August, 1983 amount to around £126 million.

Doors
The Door Group is the Nordic area's leading manufacturer of a complete range of doors—internal, exterior and high-performance. The group recorded sales of £62 million in the 12 month period ending August, 1983.

Kitchens
The Kitchen Group is the largest producer of kitchen units and other cupboards in the Nordic countries. Sales attributable to the group between September, 1982 and August, 1983 were £55 million.

Other Activities Swedish Match is also involved in a number of other operating areas -including chlorate production and the manufacture of particle board, as well as real estate admini stration. Sales for this group amounted to £110 million for the year ending 31 August, 1983.

Financial Highlights

The favourable trend of consolidated earnings noted during the first four months of 1983 continued during the second four month period. Sales for the 12 month period ending 31 August, 1983 totalled £692 million, a 10 per cent increase over the figure for the preceding 12 month period. The results after financial items for the same periods were £29 million compared with £13 million respectively.

A considerable improvement in the result after financial items is expected for the full year 1983, as compared with 1982. It is estimated that the result after financial items for the full year 1983 will be in the region of £34 million.

Trend of Earnings (on a moving annual total) S (Amounts in £ million)	Sept 81 – Aug 82	Jan 82 - Dec 82	Sept.82- Aug 83
Sales	632	637	692
Operating result	36	40	47
Financial net	22	-22	-18
Result after financial items	13	18	29
Return on capital employed, %	11.5	12.9	14.4
Earnings per share, £	0.78	0.98	1.55
(Annual accounts are prepared on the calendar year)			
Rate of exchange as at 31 August, 1963,			<del>·</del>

Annuai Report SWEDSH MATCH 1582 If you would like to find out

more about Swedish Match, our performance and our international operations, please complete and return the coupon below for copies of our 1982 Annual Report and the Interim Report for January-August 1983.

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THE STATE OF THE S

payments difficulties of various debter countries No "hit list" of undesirable coun"cesses" to make the necessary judgments and guarantee that the risks

Banking circles contend that a "hit list" of some kind does exist. It is claimed that more than one country has complained about its inclu-

The commission says it will not insist that any increase of provisions is necessarily carried out within a given year, nor that a bank 18.6bn while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients gust on revenues of \$1.68bn, while advances to clients

Net income for the third quarter

totalled \$22.4m or 72 cents a share

Mr E de Windt, chairman and against the loss of \$4.9m previously

chief executive, said that the recovon sales of \$657.1m compared with ery in the U.S. economy was \$565.3m. For the nine months, Ea-

spreading to more of Eaton's major ton has earned \$52m or \$1.73

markets, and with stringent cost-cutting measures now taking effect, Sales have held steady at \$950.

### Singer maintains

By Terry Byland in New York

SINGER, the world's largest manufacturer of sewing machines and a maker of navigational guidance through the acquisition of Salomon for the first systems, power tools and other in-dustrial products, continued its re-The capital increase is its first turn to profitability in the third quarter of the year.

Net income for the three months totalled \$8.8m or 43 cents a share compared with a loss of \$4.7m in the same period last year. Sales were barely changed at \$606.7m. For the first nine months, Singer, which has substantially restruc-

tured its operations and now focuses its hopes of growth on its aerospace divisions, has turned in a net profit of \$17.7m or 79 cents a share compared with a profit of \$300,000 a year ago.

Net figures for both the third quarter and nine months are dis-torted by tax credits and credits relating to operations now discontin-

At the operating level, profits for the nine months show an increase from \$46.9m to \$71.6m on sales of \$1.8bn against \$1.9bn.

Mr Joseph Flaven, chairman, said the improved results reflected the "strong growth of our aerospace electronics operations and significant improvements in North American and European sewing." But international business, he added, was adversely affected by continuing economic problems in Latin Ameri ca. The North American consumer products group turned an operating loss of \$500,000 into an operating profit of \$17.1m in the third quarter. The loss in the European sewing division was halved, helped by cost savings and favourable foreign ex-

### U.S. medical groups plan

By Our New York Staff

are planning to merge in a \$1bm transaction which would create the second largest company of its kind

Unter the terms of the deal, the amalgamation will be structured as takeover of Lifemark by American Medical, which will issue 1.7143 shares for each of Lifemark's 218m shares. Based on American Medi-

merger will result in substantial overhead savings, particularly in data processing. American Medical earned \$101.5m in the year to Au-

### IC INDUSTRIES North American quarterly results 19.6m 0.90 2.9m 0,11† MERICAN CYANAMIE \$ \$61.2m PFIZER MCGRAW-HILL 2.61br 1983 1962 93.2m 1.93 1983 \$ 345.3m 39.5m 0.79 Third quarter 1982 \$ 319.3m 34.7m 0.69 1983-84 1982-83

### 1983-84 1982-83 929.7m 89.9m 1.79 863.8m 79.1m 1.58 \$ 696,4m 20,8m 0.56 CHAMPION INTERNATIONAL MACMELLAN 1982 \$ 840m 43.7m 0.63 1983 1982 951 CORNUNG GLASS WORKS Third quarter 1983 MORTON THRONO 1983/84 1982/83 32.1m 1.24 1.22tm 31.6m 1.49 1,21bn 75,9m 3,60 NORTH AMERICAN PHILIPS OAF **ROWAN COS** 946.2m 22.4m 1.56 1983 \$ 183.5m 1982 1983 1982 \$ 96.7ex 26.17m 0.52 179.20 14.2m 1.02 7.84m 0.13 U.S. HOME SANTA FE IND \$ 743.5m 28.9m 1.91 1983 \$ 818.5m 60.2m 0.73 297.3m 7.7m 0.22 †0.10 21.2m †1.092m †900.000 WESTERN AIRLDIES ABST BREWING G.D. SEAPLE 1963 \$ 291.3m 39.8m 0.80 1983 1982 Third quarter \$ 178.3m 31.8m 9.63 512.7m

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

**NEW ISSUE** 

24th October, 1983

### Konishiroku Photo Industry Co., Ltd.

(Konishiroku Shashin Kogyo Kabushiki Kaisha) (Incorporated in Japan with limited liability)



### sakura Konica U-Bix

U.S. \$50,000,000 4 per cent. Convertible Bonds 1998

Nomura International Limited

The Nikko Securities Co., (Europe) Ltd.

**Banque Indosuez** 

Crédit Lyonnais

Goldman Sachs International Corp. Mitsubishi Bank (Europe) S.A.

Kuwait Investment Company (S.A.K.)

Pierson, Heldring & Pierson N.V.

Morgan Stanley International Sanwa Bank (Underwriters) Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

Westdeutsche Landesbank Girozentrale

# Static first-half sales and lower profits for Dai'ei

DAPEI, Japan's largest supermarket chainstore operator, suffered a 144 per cent setback in pre-lax profits to Y7.01bu (\$30m) in the half year to August with net profits down by 19.1 per cent to Y3.19bn. The downturn is blamed on slow sales and a higher interest burden.

Sales were just 0.9 per cent higher at Y608bn. Turnover of food, clothing and furniture was below last year's levels and the marginal overall growth came from inter-group sales.

However, sales to group companies reduced gross profit margins and higher interest payments, resulting from the pur-chase of a Hawaiian shopping centre, also hit profits.

During the half year, Dai'ei lost Y6.2bn on the sale of 8.38m shares in the Crown company and Y1.9bn on the revaluation

Australian Supreme Court seek-

ing reinstatement as one of the

registered holders of an oil ex-ploration area in the Timor Sea

that was recently the scene of the Jabiru 1A oil strike.

Weeks Australia, which has a 10.3 per cent interest in the

Jabiru lease area, said resterday

it had received a summons that

BY OUR SYDNEY CORRESPONDENT

of inventories. However, there were also Y9.2bn of special profits on the sale of property. Dai'ei hopes to achieve its full-year sales target of Y1.26bn compared with Y1.23bn in 1982-83 with the belp of three new outlets and the remodelling of five stores. Thanks to sales

of property and trimming of interest-bearing inventories, liabilities had been cut by Y42bn as at the end of August compared with the end of February. A reduction in national interest rates will also lessen the interest burden and Dai'ei expects full year pre-tax profits of Y15bn against Y13.5bn last time. The dividend total for the year will be pegged at Y16.50 per share including an

• IWATSU ELECTRIC, the leading Japanese manufacturer

Monarch sues for Jabiru stake

The Jabiru find is thought

with the prospect of significant additional reserves nearby.

Broken Hill Proprietary, as operator, has a 50 per cent stake in Jabiru, which is not

barrels of recoverable

contain at least 200m

unchanged interim payment of

of telecommunication and electronic machinery, lifted its pre tax profits by 5.6 per cent to Y4.50n (\$19.4m) in the half-year to September and net profits by 38.3 per cent to Y2 430n. Sales were Y34.1bn, up by 13.1 per cent and the interim dividend is raised by Y0.5 to Y4

Exports of the company's major product, key telephone systems, are experted to grow by 40 per cent to Y13bn in the full year with emphasis on the

The company expects foreign exchange losses following the recent upward trend of the yen (there were YII5m of exchange losses in the first compared with a Y130bn profit in the previous year) but full year pre-tax profits are still forecast to reach Y8.6bn against Y7.7bn on sales of Y70bn up by 163 per cent. The term-end dividend will be

raised by Y0.25 to Y7.5.

and Mr Derek

Weeks Australia said yester-

day it denies and will oppose Monarch's claims. Weeks sald that a deed dated May 9 had

assigned Monarch's former 20

per cent stake in permit area NT-P26 to Weeks and the

### Australia to relax SE broking restrictions

Pro

THE AUSTRALIAN ASSOCIATED STOCK ENGLANDS (AASE) is prepared to introduce big changes to its membership rules by next March, the Trade Practices Commission (TPC) was told yesterday.

One of the main proposals is to allow outside interests to the voting shares in member firms, the AASE said. There will be no institution so the mimber of new member organisations other than hose imposed by the especity of the exchanges' facilities," it added.

However, it is not prepared to welcome banks or life insurance companies unto the

A month and Mr Ron Bannerman, the TPG chairman,
told the stock exchanges chairman. Mr Ian Roach, that he
wished to see substantial
changes to present membership
rules, "Existing restrictions on
the activities of stockbroking
pertnerships or estporations
will be relaxed substantially."
Mr Roach prantised yesterday. Perth businessmen. Mr Alan

Eventually, all brokerage rates will be unfixed. Pre-viously, the exchanges had argued that unfixed fees would produce undestrable structural changes, leading to fewer brokers and a draining of lunds away from the smaller exchanges—Brisbane, Adelaide,

other permit holders after Monarch failed to meet finan-cial obligations in relation to The TUC maintainedcessfully—that unfoted tales would benefit all investors and contested by Monarch. the permit. It said Monarch would benefit all investors and Monarch is part of Magnet itself prepared and executed improve the industry's effect

SPAREBANKEN OSLO AKERSHUS

The bank

that created

### also listed Sitco Australia Petroleum (18.75 per cent). Metals, which is run by two Malaysia may agree to

MONARCH PETROLEUM, of Perth, has launched legal proceedings in the Western Australian Sooreme Court seek.

MONARCH PETROLEUM, of Norcen International (12.5 per cent), Ampol Exploration (8.25 per cent), and Brenda Mines and Noranda Australia (1.09 per

inquiry into BMF loans BY WONG SULONG IN KUALA LUMPUR

DR. MAHATHIR, the Malaysian Prime Minister, indicated at the weekend that the Government may agree to the setting up of a Royal Commission of Inquity into the scandal of loans made by the state-owned Bank Bumiputra to property companies in

The move would follow mounting public pressure coming even from large sections of Dr Mahathir's own ruling I'mited Malays National Organisation. Last week, two chief ministers from the UMNO party, joined Mr Lim Kit Sinag. the opposition leader, in demanding a full investigation.

Dr Mahathir said that the Government might set up a public inquiry, or publish a White Paper on the Hong Kong loans affair. The last time a White Paper on a financial scandal was brokers to encourage foreign published was in 1973, relating investors to deal directly with to a multi-million dollar loss by Bank Bakyat, a co-operative tax, introduced in the budget,

Dr Mahathir also reiterated that he still held Tan Sri Kamarul Ariffin, the former Bank Bumiputra chairman, responsible for the estimated US\$850m lent out to Hong Kong property companies including the now failed Carrian group by Bumiputra Malaysia Finance (BMF), the bank's subsidiary

Tan Sri Ramarul met the Premier last Friday to explain how he had so knowledge that two bank directors had authorised the loans, Tan Sri Kamarul has also welcomed a public inquiry to free him from the legal constraints regarding bank secrecy to answer various charges made against him. The Malaysian Government has imposed a 0.1 per cent stamp duty on transactions between foreign and local stock will take effect from January 1

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### **TECHNOLOGY**

# Programme plans for cable television

IN THE last two weeks, scores of businessmen have been under interrogation behind closed doors—the contenders for Britain's first new cable TV stations. Along with the sweaty handshakes has come some weighty documentation (and in at least one case—probably more—a video programme) detailing plans for each station if the contender are if the contenders are successful.

Aunty

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2 Viking

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An examination of three of these presentation documents (openly passed to me by the (openiy passed to me by the applicants, not found in a taxi) fills in many of the missing details about cable TV which until now have been the subject of 50 much speculation.

The three presentations relate to very different areas: Coven-try, Swindon and the City of Westminster in London, Appli-Westminster in London. Applicant for the first is Coventry Cable (a consortium of British Telecom, Thorn EMI and Mercia Radio); the second—Swindon Cable Services—is wholly Thorn EMI/Radio Rentals; the third originates from one of three contenders for the West End area of London—Westminster Cable Company (a consortium involving various names, includinvolving various names, includ-ing British Telecom, Kleinwort Benson, Plessey and a UK subsidiary of American Television and Communications). Also competing for this last area are Eagle Investments and London

Westminster Cable divide their programme proposals into three tiers—Basic, Super Basic and Premier. The first tier costs about £7 (excluding VAT), the second a further £2, the third offers four channels at prices ranging from £3 to £7 per channel. In addition, a batch of seven further channels vices, charged at varying rates with spare capacity for DBS when it begins in Britain. A customer requiring the complete range, apart from specially-charged services such as for business use, might thus face a monthly bill of about £30 (excluding VAT) but as little as £7 for the basic service.

The Basic Tier proposes 14 time.

Video&Film

BY JOHN CHITTOCK

to ethnic groups, such as Carib-bean, Irish and Chinese). Apart from current services such as BBC which do not earry advertising, all of Westmins-ter's channels in this tier would be supported by advertising, as would the five

advertising, as would the five in the Super Basic Tier—comprising family finance, music, sports, news and classic films, The Premier Tier, free of advertising, would comprise two feature film channels, another for culture (opera, for example), and a fourth for business and finance.

The interactive channels may include many of the wonders of accience which have all helped

Telefirst.

Some intentions remain a little blowred. When, for example, an operator refers to a music channel—most comprising pop video—how many hours per day will be new programming, how many recycle? In most cases, a channel is likely to run for 12 hours, with anything from four to eight hours of material being recycled.

Since there are many cable

include many of the wonders of science which have sil helped to make cable seem rather unreal—telebanking, alarm services, meter reading, opinion operational under existing legis-lation, the expansion of estab-lished services will begin in 1984—albeit limited by the polling, telesoftware, for example. The company intends to "evaluate the financial viability" of such ideas in arriving at final plans.

Thorn EMI offer similar small channel capacity of present installations. The new stations, largely based on fibre optics, will generally start to come on stream in 1985.

plans, but telebetting on the interactive service plus pay-perview for feature films. For Coventry—where about 10 per cent of the population is Asian—their research indicated a strong demand for Indian films, which might provide

In Swindon, Thorn EMI are programming possibilities proposing a number of special appear in print as a long list of services for business and in up to 30 channels, it becomes stitutional users, such as access to data bases, point-to-point connections computer leasing of video channels for private use.

may have difficulty in dis-tinguishing between promises and possibilities in the appli- identifiable. The fear that cations. But if only half of British viewers will indulge in what is outlined in these docu- "channel hopping" may be ments actually reaches the groundless if BBC and ITV can cable subscriber, then Britain maintain their generality of will be in for an interesting excellence and if cable is what is outlined in these docu-

The Basic Tier proposes 14 time.

channels as follows: BBC1. For example, Westminster Television Authority — to BBC2, ITV1, Channel 4, BBCDBS, out-of-region ITV, family entertainment (drama, childen's, comedy, etc.), lifestyle (health, games, family features, etc.), children's programmes, programmes, programme guide, Prestel, shopping, community access channel and FM radio (this one will pull in foreign broadcasts of interest. in foreign broadcasts of interest experimental installation of this wish to avoid making a loss.

SCICON'S MESSAGE SWITCHING SYSTEM

### Text and data go in one

BY GEOFFREY CHARLISH

THE ART of store and forward kind at its Martlesham research message switching, which has centre, and the service can proits roots in the management of vide facilities as varied as a telex messages in big companies huge picture reference library at a central point, has been moved onwards with the an-nouncement by Scicon of a system that will deal with both to a programmed learning Thorn EMI raise the possibility of using on one feature film channel a scrambled downloading system to "deliver" films to customers' VCRs during text and data (and if desired, voice) and can be customised at any time to meet a user's changing needs—without taking the system off line. the early hours of the morning

an idea which ABC in the U.S. are trying out via broadcast television under the name Telefirst. The original idea of message switching was to simplify telex rooms in large muti-site and often multinational organisa-tions. At headquarters, incom-ing telexes would come off receiving telex machines in the form of punched paper tape, which was torn off and fed to

> Most systems currently in use are based on old technology and are too inflexible to meet the growing need for fast, efficient transfer of information "

Since there are many cable networks in Britain already

Many rude words have been

Spoken and written about cable in Britain, not least just two weeks ago by Mr Alasdair Milne, Director General of the BBC, at a Royal Television

Society dinner. But when the

easier to appreciate that cable

will provide such a variety of distractions or attractions that

comparisons with TV as we know it now could be pointless.

If cable TV in Britain succeeds, it will be through its

provision of the specific and the identifiable. The fear that

obliged—by the new Cable Television Authority — to

other manual machines that would distribute the message to addresses within the organisa-

In the mid-60s systems began to appear from ITT, CASE and others in which these messages were redirected electronically under computer programs that would store the incoming texts and send them forward at chosen times and with specific

Nowadays, there is an increasing need to switch data as well as text and the TD Exchange is designed so that microcomputers, terminals such as word processors, and host computers can be connected to various kinds of communicavortous lines. Physical internet-working can be provided between local, leased, packet switched and public switched telephone lines. Protocol con-versions in terms of speed, code and format are carried out automatically.

The TD Exchange is also able to connect together several in-dependent user networks—one of Scicon's first customers,



Penny Jackson heads up the message switching division of Europe's largest computing services group, Scieon. She is responsible for bringing the company's new Text and Data Exchange to market.

pany in Switzerland, will be using a TD Exchange to provide private networks to customers in that country.

Customers in that country. pany in Switzerland, will be using a TD Exchange to provide private networks to customers in that country. Called Datacare 3, it is particularly suited to international companies requiring data links with other networks world

Datacare 3, which uses three DEC POP 11/44, with three 11/70 machines for backup, will be able to support 500 lines. 70 separate customer networks and 100,000 messages a

to Caterpillar Overseas S.A. in Switzerland in which four different makes of computer mainframe system and low speed multi-drop circuits to four countries are managed by the TD Frehance are well as the TD Exchange, as well as connections to the world telex

There are two other, unnamed customers bringing Scicon's sales so far to £0.5m. Next year, it expects to sell one system a month at prices up

about £200,000 each.
The exchange's virtual transparency to the user is achieved largely by clever software. The mation between offices, sites system can accept messages and countries." More on 01-character by character, asyn-580 5599. Radio Suisse, a professional system can accept messages communications service com- character by character, asyn-

Whatever its form, each

message is translated into a common internal code, stored on disc and queued for analysis, at the end of which the system will have extracted all the necessary housekeeping data such as channel identification, priority level, and the destina tion address codes.

Without operator intervention the messages will then be auto-matically routed at appropriate times according to their priority as soon as appropriate lines are free.

Penny Jackson, who manages Scicon's message switching division, thinks the new system will be particularly attractive to multinationals updating their communications. She claims that "most systems

currently in use are based on old technology and are too inflexible and limited in performance to meet the large organisation's growing need for fast, efficient transfer of infor-

### Computers

**EDITED BY ALAN CANE** 

### **BBC** micro add-on

LOGICA, the UK purveyors of Xenix, the Unix-based microcomputer operating system, has signed a contract with Acorn Computers for implementation of the system on the forthcoming 32 bit "add-on" processor for the BBC micro.

Based on the National Semiconductor 32 bit 16032 semeonductor 32 bit 16032 thip, the new processor is due to appear from Acorn in the Spring of next year. The deployment of Xenix will open up wide prospects for multi-user applications of the expanded machine and for expanded machine and jor more extensive use of the networking facilities already offered by Acorn's Econet local area network.

According to Hector Hart, commercial manager of Logica's software products group, the Acorn add-on is the first 32 bit processor—and probably the most powerful micro-to which Xenix has been applied. He thinks "it will almost certainly estab-lish Xenix as the standard operating system for low cost microcomputers."

There are now 200,000 BBC micros installed and Acorn sees a huge market for the additional processors running Xenix Logica is in London on 01-637 5171.

### Materials Elastic facade

OF INTEREST to both com-OF INTEREST to both com-mercial and private property owners with buildings suffer-ing from cracked rendering is an elastic facade renova-tion system made by BASF and introduced into the UK by subsidiary Glasurit Beck of Horsham, Sussex.

It is claimed that the system, which entails the sequential application of several products, overcomes the age-old problem of cracks in buildings the second in buildings that re-open with seasonal temperature varia-tions or additional settlement for example, and so cannot be permanently repaired with conventional products.

Developed in Germany, Herbofiex has been proved there over 20 years says the company; buildings treated have shown no signs of further cracking. More from Glasurit Beck on 0403 790332.



### Security

### **Tagging** humans

EUREKA, PART of security tag pioneers Senelco, has hunched an electronic dog tag for humans which emits a unique code which can be used to control access to sensitive areas.

A plastic tag about the size of a 50p place carried around by staff can emit this code. which is then picked up and verified by a microelec-tronically-controlled sensor. It can be used to program access to only certain staff. to zone buildings and to record attendance times. There is less risk of sabotage or misuse of the automatic system because people do not have to do

anything except earry the tag, Eureka claims. No more hunting for cards. remembering passwords or "performing various rituals to make the doors open and close," said Eureka's managing director Mr Malcolm

The plastic tags are powered by seven to 10-year batteries, and can emit the unique electronic identity up to a distance of three metres, sufficient to Implant receptors in walls or ceilings. More from Eureka on Windsor 07535.

### Software

### Brown's

GEOFF BROWN of Brown's Operating Systems has added extra software to his ubiquitous "Brown's Box" cluster controller which makes it possible for a wide range of microcomputers and terminals to behave as if they were IBM 3270s, the most popular ISM terminal family. Using the enhanced Box,

a customer can perform local processing or talk to an IBM mainframe without changing the mainframe software.

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a har been made to the Control of The Christ Estimate for the white at the description the Control of the Contr r sale will open at 12,000cm, on Thursday, 27th October, 1923 and may be alosed at any time the safety. The percedure for application and an API

LOGICA DIC (Incorporated in England under the Companies Acts 1948 to 1981 with Registered No. 1631639) Offerfor Sale by Tender by Close Brothers Limited

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**Auditors and Joint Reporting Accountants** Robson Rhodes, Chartered Accountants, 186 City Road, London EC1V 2NU.

Joint Reporting Accountants
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Solicitors to the Company Clifford-Turner, Blackfriars House, 19 New Bridge Street,

London ECAV 6BY.

Solicitors to the Offer for Sale

Freshfields, Grindall House, 25 Newgate Street, London EC1 A 7LH.

National Westminster Bank PLC, 21 Lombard Street. London EC3P3AR Barclays Bank PLC, 15 Great Portland Street, London W1A 4TR.

Algemene Bank Nederland NV, Blaak 28/34, 3000 DG Rotterdam, Netherlands.

Receiving Bankers
National Westminster Bank PLC, New Issues Department, PO Box 79,

History

2 Princes Street, London EC2P 2BD.

Logics was founded in 1969 by a group of five people, including Philip Hughes, Len Taylor and Patrick Coen.
Philip Hughes and Len Taylor, who were the initial executive directors, had already held senior management
positions in the industry and had previously worked together for eight years.

From the beginning Logica set out to establish high technical standards and to achieve a prominent position in its markets of high technology consultancy and services. The success of this policy was reflected in Logica's

Logica has emphasised overseas expansion and is one of the leading exporters of computer consultancy and software services from the UK. However it has increasingly serviced its international business through operating subsidiaries in different countries of the world, namely the Netherlands (established in 1973), Australia (1975), Sweden (1977), the US (1979). Belgium (1980) and West Germany (1983).

Logica obtained its original finance from Planning Research Corporation (PRC\*), a listed US professional services company. After an initial period Logica's staff held a voting majority of the shares while PRC's shareholding entitled it to a majority of the profits and assets.

Early in 1979 PRC sold its shareholding in Logica and the National Enterprise Board ("NEB") became a shareholder providing both equity and loan finance. In December 1979, institutional shareholders also subscribed for additional equity. In 1982 the NEB realised its investment in Logica and, as part of the resulting reorganisation, further insulational investors were introduced. At that time £1.5 million was raised to expand working capital.

In 1979 Logica decided to establish a division, which had been working on word-processing systems, as a separate operating company called Logica VTS Limited ("VTS"). The NEB provided separate funding for this A subsidiary of the NEB, Nexos Office Systems Limited ("Nexos"), entered into supply and marketing

arrangements with VTS which were later terminated in 1982. At that time, International Computers PLC (\*ICL\*) signed an agreement with VTS involving volume orders for word-processors and a research and

Logica's record of rechniclogical achievement has been recognised recently by the following awards:—

April 1983—the Queen's Award for Technology to VTS for its word-processor.

November 1992 — the British Computer Society's annual award for Technological Activevement for its

February 1883—a criation by Computing newspaper as the UK company which in the opinion of Computing's panel of experts made the greatest contribution to Information Technology during the

Logica has become the largest independent UK at twee company, measured by turnover or number of staff.

ability to attract expert staff and to secure important contracts against larger and more establish

Registrars and Transfer Office Close Registrars Limited, Arthur House, 803 High Road, Leyton, London E107AA.

### Key Information

The information below should be read in conjunction with the full text of this Prospectus from which it is derived.

Logica is a leading European independent computer software, consultancy and products company, with an

international capability and reputation, Logica was established in 1969, has grown in turnover and staff every year, and currently has some 1,600 employees.

Logica's activities comprise: 

Consultancy and Project Management

☐ Custom-built Systems: Software and Hardware

☐ Software Products ☐ Office Automation

Logica's clients are mainly large companies or government departments and are broadly spread over many market

Logica has operating subsidiaries in seven countries and has undertaken projects in over 40 countries.

Trading Record	Years ended 30th June	1979	1960	1981	1982	1983
Turnover (£'000)		12,914	17,905	25,853	33,168	42,185
Profit before taxation (£'000	)	1,091	498	2,068	2,159	3,346
Number of staff (at year end	i)	728	894	1,031	1,160	1,475

### Offer for Sale Statistics

Minimum tender price 140p Number of Ordinary Shares of 10p each in issue after the Offer for Sale 35,000,000 Market capitalisation £49.0 million †Adjusted earnings per Ordinary Share for the year ended 30th June, 1983:

(a) after actual tax charge (b) after notional 52% tax charge Price earnings multiple (based on adjusted earnings):

(a) after actual tax charge (b) after notional 52% tax charge

Gross dividend yield

(based on indicated net dividend of 10p per Ordinary Share for the year

Net tangible assets as at 30th June, 1983 per Ordinary Share

Percentage of enlarged issued share capital being marketed:

by the Company

by existing shareholders

† Calculated in accordance with Note (viii) in Section 2 of the Accountants' Report set out in Appendix 1.

19.1 26.6

ending 30th June, 1984) L02% (together with net proceeds of £5.15 million) 42.9p

12.155 29.7%

### Description of Activities

Logica's activities can be divided into four broad categories, which commbited to turnover for the three years

1983 Consultancy and Project Management Custom-built Systems Software and Hardware Software Products 100

The growth and diversification of Logica have been rapid and sustained. Both turnover and staff numbers have grown every year since its foundation. By the year ended 30th June, 1983 it had achieved a turnover of £42 million. It currently has some 1,600 employees in seven countries. 100 1:33 Office automation contributed approximately 37 per cent. of Logica's profit before taxation in 1983 (1982 – 19 per cent.) In its other activities Logica analyses its profit by its professional operating units, which encompass more than one of the categories set out above. Logica's growth has been primarily from internal development which has been fuelled by a record of profitability and a policy of retaining profits. However, as a complement to this, Logica has also made a number of acquisitions, notably the operations of T.C. Hudson Associates Limited (1972), Freyberg Systems Associates, Incorporated (1981) and Planning Research Corporation (Australia) Pty. Limited (1983).

Each of Logica's major activities reinforces the others. Consultancy can often lead to contracts for the provision of custom-built software and hardware. Client projects can lead to the development of new services an products. Product design and manufacture provide Sist-hand experience which strengthers Logica's

### ncy and Project Management

Logics undertakes consultancy assignments in computing, communications, office automation and management sciences for a wide range of cheats. Examples include designing and managing the installation of worldwide corporate telecommunications for multi-national companies, defining overall data-processing policies for organisations, specifying detailed requirements in computing and communications and assisting cherits to select suppliers, negotiste contracts and install and manage systems. Menagement sciences projects involve planning models for businesses and government administrations, such as health and social security, to improve investment and operational decisions.

In addition to its work for users, Logica has established a strong position as an adviser to the computing and telecommunications industries on product policy, marketing strategy and detailed market research. Work includes advice to major US and Japanese companies seeking information on the European market, market forecasts for European and Australian telecommunications authorities on data transmission and new communications services and detailed product defining studies for manufacturers in Europe and the US. In addition to specific consultancy projects for individual clients, Logica also undertakes multi-client and reductions and obtained.

### Custom-built Systems: Software and Hardware

The largest activity of Logica is designing and building complex software. Clears are invalid by the organisations, themselves sophisticated and expert users of computers. Logicals rule is to supply systems that draw upon its special capabilities in real-time control and communications. Logical works on equipment of , most of the world's major suppliers of maintrame, min; and micro computers

Logica often acis as prime contractor for the turnkey supply of computer systems. As Logica has mown so has is ability to compete with the major electronic companies for deadily larger contracts. Such of interest which involve the responsibility for managing the work of sub-contractors are normally based on standard produced purchased by Logica from computer manufacturers at a discount under OEM (original exputement

### Shareholders

Shareholders immediately after the Offer for Sale are selout below:

Percent of izhqed elektion 384

Existing Institutions:

Airways Pension Scheme CIN inchemus investments Lumited

Directors, Staff and Associates:

(on behalf of the NCB Pension Funds)

Croupe Drouot

F& C Management Lighted Provincial Insurance PLC

Sulequard Industrial Investments PLC Skandia insurance Company Limited

Sochting Shell Pensioenlands

The Sectish Investment Trust PLC

Share Capital

imatesto, abenda

in Ordinary Shares of 100 each £3,750,000 £3,500,000 Principal Definition

In this Prospectus Logica' shall mean Logica pic and its substitution, or previous ultimate holding companies and their subsidiaries, or, where the context requires, Logica plc or any club appropriate subsidianes.

### Indebtedness

At the close of business on 30th September, 1983 the Company and its subsidiaries had outstanding bank overdrafts of £4,630,700 (of which £125,708 was secured), leasing commitments of £382,635, hire purchase commitments of £387,645 and guarantees of £568,117. Save as alorested and apart from intra-group habitities, at the close of business on 30th September, 1983 neither the Company nor any of its subsidiaries for any loan capital (including term loans) outstanding, or created but unassued, or any outstanding manages, charges, or other borrowings or indebtechases in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade balls) or acceptance continued to the purchase commitments or quarantees or (except for continued). hire-purchase communents or quarantees or (except for contingent liabilities arising in the ordinary course of business) other material contingent liabilities.

confingent liabilities.

At the close of business on 30th September, 1983 the Company and its subsidiaries had aggregate cash belances of £542.715.

For the purposes hereof amounts in foreign currences have been translated into sterling at the relevant rates of exchange on 30th September, 1983.

ALT Walke

In addition to using standard hardware. Logica also designs and manufactures its own special purpose hardware. This enables Logica to address the needs of clients both by custom-built software, which tailers general purpose computers to solve specific applications, and by custom-built hardware. Logica has consistently maintained this dual capability rather than just being a software house, and the Directors consider that this has been a major factor in its growth, distinguishing it from many competitors.

**Z3**p

5.3p

Software Products and sells re-unable elements of software. Such politrare products, which in some cases include specially configured hardware, full into two categories—those which Logica calls "systems learneds" that are used as components on the supply of custom-built computer systems and those that are sold at youghts as standardised products in their own right. Revailtes are payable by Logica on the sale of some of these

products.

A systems kernal is used as the basis for constructing a number of computer systems for suntar applications. Each project involves some modification and other substantial additions to the systems kernet. However, its existence enables Logica to transfer previously developed expertise to projects around the world and to provide lower cost and more highly tested software to clients. For the banking undustry, systems have less FASTRANG and FASTRANG term the base of funds transfer systems, while DIDSO provides an integrated display system for foreign exchance dealing rooms. For the television industry Logica supplies CONTEXT, which enables television companies to implement television and FLAIRCO which provides facilities for the creation and manipulation of pictures stored in elements from the provides facilities for the creation and manipulation of pictures stored in elements. Some For the enables reported the basis of control systems for qual oil and were storage and distribution. INSIGHT® and LOGOS® provide facilities for image processing and communications speech.

Logica also sells general purpose and standardised software products, primarily RAPPORT\* and XEMIX.

RAPPORT is a sophisticated relational database system designed by Logica to run on a wide variety of computers. XEMIX developed in the US is an enhanced version of UNIX UNIX is recommon or of the world's default abundant computer operating systems. (XEMIX and UNIX are respectively disdensities of Microsoft.) and Bell Laboratories )

As one of the pioneers of software design for word-processing. Legacy has been involved in office distinguish a most the early 1970s. It developed UNICOM an advanced multi-user system, for Univers. Since then Legacy has continued to increase independent expertise in word-processing entrace and local area networks. The internal led to the establishment of volume manufacturing facilities in Swindow in 1960.

form sed to the equipment of votation manufacturing sequence in switchers in sec.

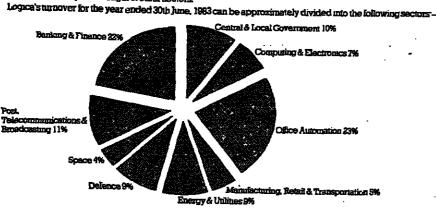
Logica currently designs, manufactures and sells the VTS 2000 pance of word-processes, powerfulsundersor units, developed from the VTS (0000) which was first learning by Logica in 1978. The Descript
believe that select the VTS 2000 range beth driven, though Logica between a factore and through dairy leaves
currently account for over 20 per cent of total annual rabbet such machines in the UE. In the loss financial year
13 per cent of Logica's turnover (3) per cent of not interested for a factor automation activities of the VTS 2000 to ICL under a distribution action matter and Chapter — office automation.

Logica also manufactures and sells POLYNET? which is a local area reverse based on the Cambridge Bind technology. Systems are now installed in the UK, the US. Austraba. Switzerland, Yogoslavia and Baly. Logica also manufactures and solls the VITESSESS, a 16 bit present business computer, bound on the VITESSESS.

The Directors believe that Levica has one of the leading activate development wants in Europe in word processing and local area network technology. Development of the next generation at effice automation,

work on continuous speech recognition

Logica has a wide base of chents from very diverse market sectors. The Directors behave that the quality of Logica's chents and the diversity of the applications of Logica's work distinguish it from the variety of companies which constitute its competition. They also believe that the wide spread of Logica's work over a number of sectors is of particular benefit in that at any one time any market weakness in some sectors is theely to be balanced by the strength of other sectors.



s are summarised below by sector. At the end of each sector there is a selection of clients for which Logica has worked during the past two years.

Ranking and Finance

From the early 1970s when Logica designed the S.W.L.F.T. network, the international funds transfer system, it has tend a specialist position in the designed implementation of real-time communications systems for banks. Logica has undertaken projects involving electronic funds transfer, dealer support, automated teller machines, credit cards and many aspects of communications. In the US in particular a large percentage of Logica's operations is in this sector. In the UK, Logica designed and built the gateway software for CHAPS, the automated payment system, which will operate as a funds transfer network linking twelve UK settlement banks and the Bank of England for same day settlement of high value payments. In addition to working for large international banks, Logica's undertaking major projects to build banking systems in developing countries currently in fraq and Trandad. The international spread of Logica's operations is increesingly important to its banking clients.

Absumene Bank Nederland & Bank of England & Bankomatosentralien & Bank & Central Bank of

Algemente Bank Nedarkind e Bank of England e Bankomateentralen e Barckays Bank e Central Bank of Trinidad and Tobago e Citicorp e Legal & General e Lloyd's e Midland Bank e Societé Générale de Bangue/Generale Bankmaatschappij e S.W.LF.T. e Swiss Bank Coxporation e The Chase Manhattan Bank e The Hong Kong and Shanghai Banking Coxporation e TSB Trust Company.

Since the early 1970s, Logica has undertaken a wide range of work, such as computer simulation of bentlefield operations, software development for computer aided sinp design and sudies of signal processing systems, for research and development establishments. The activities subsequently expanded to operational systems. For example, Logica is currently conducting studies of planned major communication networks, less carried out a large amount of work for the design and implementation of new torgets and has commonded towards a number of air defence programmes. In recent years Logics has attached considerable importance to extending as defence activities into multi-nation projects by participation in consortia for Command and Communications Systems. Control, and Communications Systems.

Marconi Research Centre © Royal Armament Research and Development Establishment © Royal Signals and Radar Establishment © Royal Netherlands Army © SHAPE © The Plessey Company © UK Ministry of Defence ©

Logica has had continuous involvement in the European Space Programme since the early 1970s. For example, at Damistedt it has led consortia to implement satellitie control systems including one for handling Europe's meteorological satellitie. Meteosat. In the past year Logica staff have worked on the control system for ECS-1, Europe's major new communications satellite, and for EXOSAT, a satellite which is taking x-ray pictures of the universe. Logica is currently working on the software design for the wave satellites, including ERS-1 for earth monitoring. Logica is working on the on-board software and validating the payload design for HIPPARCOS, the high precision astronomical satellite. Logica provided consultancy on technique for deep space communications to GIOTTO, which is planned to intercept Halley's Cornet in 1985. British Aerospace PLC, Dynamics Group • Cray Research (UK) • Department of Trade and Industry (Space Section) • European Space Agency • European Space Operations Centre • International Telecommunications Setellite Corporation • Royal Aircraft Establishment.

Post and Tele

Locace carries out work for verious as Projects range from marketing and policy consultancy work to developing and installing message and telex switches and work on date processing for large administrative tasks. Logica is closely involved in developing new technologies and helping authorities to apply them. Examples include work on video conferencing.

American Bell e British Telecom e Cable and Wireless e Eurodata Foundation (collectively for all European PTTs) e ITT e Netherlands PTT e Nippon Telegraph and Telephone Public Corporation e Postverhete em Anstralia e UK Post Office.

There is a rapid growth in the use of computer bechnology within television, with the increasing use of digital technology and developments in direct broadcasting by satellite, cable and teletext in the early 1970s Logica worked with the BBC to develop the software for CEEFAX, the world's first bettext system. From this early start Logica has become a leader in supplying teletext to broadcasters around the world. Nine countries use, or will soon use, teletext software supplied by Logica. In addition, Logica has provided a picture storage system in Australia, and software and a multiple microprocessor to report and control the neutrophy of reletions transmittent for a continuous control the restrict of teletions transmittent for a continuous control to the teletion. monutor and control the network of television transmitters for a commercial television company in the UK. HBC e Broadcasting Corporation of New Zealand e BTQ7 (Brisbane Television) e CAL Video Graphics e Channel 4 Television e Independent Broadcasting Authority e Keycom Electronic Publishing e Osterreichischer Rundfunk e Singapore Broadcasting Corporation e Swiss Broadcasting Corporation.

Central and Local Governme

Logica is involved in providing consultancy and software for the large and complex systems required to handle central and local government administration. For example, in Australia Logica has assisted the government with detailed specification and bid assessment of a very large computer system handling social security records. For police forces work includes criminal records, Command and Goutrol, and Communication Systems. Logica has built an automatic fingerpoint recognizion system for New Scotland Yard that is now the basis of a product being offered to other police forces around the world.

that is now the basis of a product being oweren to other poince forces around the bearing and an around the state of the policy poince of the policy policy of the control of the policy policy of the Constant of The Chartered Institute of Public Finance & Accountancy of the Chartered Institute of Public Finance & Accountancy of the Chartered Institute of Public Lending Right.

Energy and Utilities

The major clients in this sector are the oil, gas and water industries in Europe and the Middle East. Logica has the necessary blend of computing and engineering skills to build integrated telemetry control systems. The MASTER CONTROL systems kernel is used in computer-based monitoring and pipeline control systems. Logica's office in Aberdeen provides services to North Sea operating companies.

Anglian Water Authority & British Nuclear Poels Limited & British Petroleum & Britoli & Burmah & NV Rederlandse Gasmie & Severn Trant Water Authority & Shell International Petroleum Company.

Compating and Electronics

In this and other sections Logica works for the industry of which it is a part. It advises on product strategy and provider market (processes for computing, electronic and communications equipment. It produces TELEMATICAES a multi-client study of information technology, which involves forecasts for such products as terminals, computers, communications processors and moderns. Logica supplies a range of systems software, TELLERA I TO ACCIDENT COMPUTED AND A TRANSPORT OF COMPUTED AND ACCIDENT TO COMPUTED AND ACCIDENT AND ACCIDENT AND ACCIDENT AND ACCIDENT AC paracularly communications sonware, Alertia and Rappent is computer manuscringer.

Buil a Digital Equipment Corporation a Erisson Information Systems a Ferrain pile a GEISCO a Honeywell a

IBM a Japan Radio Company a Oliverti a Philips Telecommunicatio Industria BV a Racal Data

Communications Group a Sismens a Standard Telephones and Cables a Tandem Computers a The GEC pic

THORN-EMI pile a Xerox Corporation.

The particular emphasis of Logica's work in these sectors is in the control of manufacturing processes and the automaton of the handling of goods, including automated warehousing, as well as communication networks.

Agia-Geraent NV & AGB Research & AEZO & British Steel Corporation & British Stegar & Ford Moort Company & Hertz Europe & ICI Mond Division & J. Sainsbury & Rolls-Royce & The BOC Group & Unilever.

Logica has experience in the control systems associated with transportation. In London software has been developed for ticket automation. In California Logica has a major long term project to help BART to redevelop its integrated control system. In Hong Kong Logica is a member of a British consortium designing the world's first automatic road pricing scheme. Logica wrole the software for one of the world's most ac signaling systems in the Neitherlands.

Civil Avistica Authority e Foldrer e Hong Kong Government Data Processing Agency e KLM e Lockheed Corporation e London Transport Executive e Data Processing Division of Rijkswaterstaat e San Francisco Bay Area Rapid Transit District e Sea Containers e Thomas Cook.

Logica has chosen to sell its office automation products mainly through distributors, and therefore the market sector of end-users is usually not known. From its early co-operation with Unilever in 1974, Logica has had successive product development agreements with third parties. Between 1979 and 1982 Logica had a supply and development agreement with Neiros. Since early 1962 Logica has had an agreement with ICL under which it supplies a modified version of its VTS 2200 word processor, which is sufficient field in the UK and elsewhere. ICL has informed Logica that it intends to seek a continuing supply of word-processors from Logica in 1984. To that end ICL and Logica are in negotiations to extend the product supply and enhancement provisions of the current agreement beyond its expiry at the end of 1983. For the purposes of these negotiations ICL and Logica have assumed that the quantities of equipment to be ordered by ICL in 1984 will not be substantially different from those supplied under the agreement in 1883.

Logica also sells office automation products through its own sales force in the UK and has established distributors in eight other countries. To date Prance has been the most successful overseas area where so of the VTS 2200 in the last financial year accounted for approximately 10 per cent in value of total office. ation sales during that period.

Logica has recently signed heads of agreement, subject to contract, with a major systems supplier for a distribution agreement under which, subject to timely product development, Logica would supply a new range of multi-functional workstations regether with associated hardware and software products. Deliveries under the agreement would commence in the first half of 1984 for an initial period of 12 months with 6 months under the agreement would commence in the first half of 1984 for an initial period of 12 months with 6 months. notice of termination on either side thereafter. The minimum commercess of £10 million of products during the initial 12 months.

Logica will continue to seek other distributors for its products, particularly in overseas countries. BRCC e Commercial Union Assurance e Crown Agents e Department of Trade and Industry e Gilman Office Machines e International Computers Limited e Jistral e Kyle Stewart e Science and Engineering Research Council e Shell UK

Research and Development

Most of the projects that Logica undertakes for its clients involve the application of advanced technologies Hence Logics stays very much abress of research and development in the computer and communications industry. It has formal and informal links with universities and research establishments and it participates in the formulation of national and international standards.

Logica's total expenditure on research and development during the year ended 30th June, 1983 amounted to approximately £3.3 million, of which some £1.2 million was recovered from third parties or by way of grants. While some of this expenditure relates to longer term research activities, such as those mentioned below, most was spent on speculic product development. Net expenditure was split approximately equally between software products and office automation products.

In the next two and a half years grants of some £1.2 million in relation to office automation products have been committed to Logica under the UK Covernment's Support for Innovation Scheme as well as further governmental grants of some £0.4 million for software product development.

The major research activity is Project UNIVERSE which is 50 per cent funded by the UK Government. In this Logica is co-operating with The GEC pic, British Telecom, the Science and Engineering Research Council and three universities in an experiment to link high speed local area networks via satellite communications. The Directors believe that this project could lead to exploitable technologies.

Logica staff have played a significant role in formulating the Alvey Programme announced earlier this year by the UK Government. Under this programme £350 million (£300 million from the UK Government and the balance from UK inclusivy) is being committed over the next five years to collaborative research and development in advanced information Technology. Logica is already an active participant in this programme. The Commission of the European Communities has started the first stege of ESPRIT, a collaborative research and development programme, funded 50 per cent by governments. Logica has undertaken mitial studies for ESPRIT and has had approved a pilot project in Computer Integrated Manufacturing.

Apent from research and development expending which is recoverable from third parties, with minor exceptions Logica's practice is to write off such expenditure to the profit and loss account in the period in

Project Management and Quality Assurance

Depending on the nature of the technical work and on the requirements of clients in different sectors, contracts are undertaken on either a fixed price or a time and materials (fees and expenses) basis. During the year ended 30th june, 1993 time and materials contracts accounted for approximately 60 per cent of log nurrower (excluding product sales), while fixed price contracts accounted for the balance, although there

Many of the projects undertaken by Logica are complex or on the frontiers of technology. As would be expected in such circumstances, problems can and do occur with some fixed price contracts exceeding their budgets, leading in some cases to significant loss of individual projects. As the size of projects has grown the Directors have laid increasing emphasis on internal management control systems and disciplines. However the most thorough evaluation and review cannot practical the possibility of such problems. Although there are risks in fixed price contracts, they do offer the advantages of long-term forward commitments and of greater fractions to control the afforstion of present control the afforstion of the affo freedom to control the allocation of resources. Logica's overall exposure is reduced by the number and

Logicals wide range of projects is managed by small units of professional staff, operating as separate profit centres and submitting detailed monthly financial and operating reports. Overall control of contracts is exercised by way of defined levels of anthonly and in accordance with internal procedures known as "Logical standards." These cover bid preparation, comtract signature and project methods. Responsibility for developing and monitoring these standards rests with a central department, which reports directly at Board level. Procedures are standards sed as far as possible throughout the world by a specific haison committee.

Within Logical III (Lotted the exemplement propagatories for unjoint are appreciate that Management is a propagatory of the procedure of the Management of the Manage Within Logica UK Limited the overall arrangements for quality control are approved by the Ministry of Defence to their full 05-21 standard.

Competition

Logica is a leading European independent computer software, consultancy and products company, with an emetional capability and reputation

The diversity of competition reflects the diversity of Logica's operations. In consultancy and market studies, the main competitions are divisions or subsidiaries of management consultancy firms and the major accountancy parmerships. For the provision of custom-built software, Logica competes with other leading software companies. In the UK, these are well established companies of which some are independent and others are subsidiaries of large international companies. In cartain sectors, such as space and broadcasting, competition comes from specialist firms, many of which are subsidiaries of international electronics companies. In office automation the main competition is from international computer hardware or office environment was reflecturers.

Some of Logica's main competitors are also amongst its main clients and Logica may be a client of these same companies. For example, a perticular computer manufacturer may at any one time be a chent of Logica on one project, on another project it may be a sub-contractor to Logica, while on a third project it may be competing

Directors of the Company

Philip Hinghes, CRE, Chairman, aged 47. After obtaining degrees in Mechanical Sciences and Economics at Cambridge University, he worked for four years for Shell International Petroleum Company Limited. In 1961 he joined Scicon (then C-E-I-R (UK)) and left it from a security mensagement position to establish Logica in 1968. As executive Chairman his prime communant is to Logica, to which he devotes the majority of his time. He is a member of the Science and Engineering Research Council, the National Electronics Council, and the Alve Programme Spering Committee. He is visiting Professor of Information Technology at University College,

Len Taylor, Managing Director and Chief Essentive, aged 48. He obtained a degree in Mathematics at Oxford University and a MSc in Physics and Quamini Mechanics at London University. From 1967 to 1961 he worked as a mathematician for Hawker Siddeley Nuclear Power Company Limited. He joined Scicon in 1961 and left it from a senior management position to establish Logica in 1969.

Patrick Coen, Chairman of VTS, aged 46. He obtained a degree in Chemistry at University College, Calway and a PhD in Physical Chemistry at Imperial College, London. He was a senior consultant in Scicon, before leaving to establish Logica in 1969. He is a member of the Computer and Communications Committee of the Department of Industry's Electronics and Avionics Requirements Board and of the Office Machinery Sector Working Party of the NEDC. He is visiting Professor of Information Technology at the University of Kent. Peter Harbidge, President of Logica, Inc., aged 50. After obtaining a degree in Modern Lenguages at Oxford University, he joined IBM United Engelom Limited in 1967 he left from a Sales Management position to help-found T.C. Hudson Associates Limited where he became a Director. He joined Logica in 1972 when Logica

acquired the operations of that company. David Mann, Deputy Managing Director, aged 39. After obtaining a degree in Mathematics and Theoretical Physics at Cambridge University, he worked for Scicon. He joined Logics soon after its formation in 1969 and is currently Charman of Logica UK Lamited. He has been a member of the Information Engineering Committee of the Science and Engineering Research Council.

David Matthews, European Director, aged 46. After obtaining a degree in Mathematics at Exeter University, he worked on military systems for Ferram Limited. He joined Logica in 1972 and is now responsible for Logica's activities in Commental Europe and the Middle East.

Gordon Olson, Managing Director of VTS, aged 43. After obtaining a degree in Electrical Engineering at the City University of London, he worked for GEC Electronics Limited, Data Dynamics Limited and Varian Associates Limited in various engineering posts. He joined Logica in 1973.

Neil Prebble, Commercial Director, eged 39. Having worked for Unilever Research Laboratory and then Standard Telephones & Cables Limited, he joined Logica in 1970. He is responsible for project control, quality

Colin Rowland, Managing Director of Logica UK Limited, aged 39. He obtained a degree in Chemistry and a DPhil in Physical Chemistry at Oxford University. From 1986 to 1971, he was involved in research in Physical and Theoretical Chemistry. He joined Logica in 1971.

Rob Varley, Financial Director and Company Secretary, aged 44. He is a Chartered Accountant and worked for Charrington United Breweries Limited, Reuters Limited and Celanese Corporation prior to joining Logica

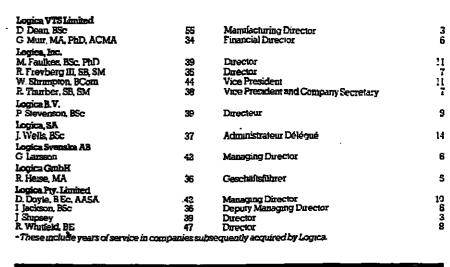
Prim Böttcher, Non-executive Director, aged 68 He is a member of the Supervisory Board of Logica B.V. and a number of substantial Dutch companies, including Hoogovens, VMF-Stork, Volker-Stevin, Pakriced and Cist-Brocades. He has been a member of various policy advisory committees to the Dutch government and the OECD. He has been associated with Logica since 1975. He is Professor Emeritus of Leiden University.

Senior Management

The other executive directors of subsidiary companies are as follows:—

λge Logica UK Limited R. Cooper, BSc C. Dam, BSc, PhD Projects Director M. De Val. BSc, FCA. A. Karney G. Kirk, BSc D. Lankey, BSc I. Macteod B. Marun, BSc C Preddy, MSc C Rees, MA

Technical Group Director ations Group Director Software Products Group Director Management Support Durector Finance Group Director iliancy Group Director Industry Group Director Database Products Group Director Personnel Director rospace Group Director



Staff

Logica depends for its success on the talent and motivation of its professional staff who come from a wide range of disciplines. Logica's style is an important, if somewhat miangible, factor in the attraction and tetention of such people. Logica provides an environment which gives scope for initiative and local variation within an overall framework that achieves consistency of policies and principles throughout the world.

Logica currently employs approximately 1,600 people. Of the total some 1,060 are employed as professional staff whose main function is to be engaged in chargeable work for clients, 340 are engaged in administrative posts, 110 in manufacturing and 90 in sales. The professional staff is highly qualified with approximately 90 per cent. having graduate or post-graduate qualifications.

Cent. naving graduate or post-predicted parameters provide the basis for continuing growth. In the UK the name conducts a vigorous recruitment programme to provide the basis for continuing growth. In the UK the name conducts a vigorous recruited this year. Senior appointments are, with few exceptions, filled by internal promotion. There is a considerable number of transfers of secondments of staff between various operating groups or subsidiences. The Directors consider that, in a service inclustry which relies beavily on the skills of the employeeca it is

describle to seek methods whereby staff are encouraged to become, and remain, shareholders in Logica. There are now some 220 staff shareholders (including the Directors) and immediately after the Offer for Sale. these shareholders and their associates will own at least 38.4 per cent of the issued share capital of the

Both Directors and staff shareholders have agreed not to dispose of any further shares for approximately a year after the Offer for Sale. The Directors have also accepted restrictions on the disposal of their shares on a slicting scale for a further two years thereafter.

For the future, the Durectors have commissioned outside consultants to recommend appropriate share participation schemes, both for UK and oversees employees. All such schemes will be linked to shares in the Company and the Directors intend to put detailed proposals for such schemes before shareholders for their approval in due course.

Logica attaches importance to the working environment for its stall. Office premises are well sited, usually in central city locations, and well equipped. Details of premises, all of which are leasehold, are shown in

Proceeds of Issue, Net Tangible Assets and Working Capital

Of the 10,400,000 Ordinary Shares now being offered for sale, 6,155,193 Ordinary Shares are being made available by existing shareholders and 4,244,807 are new Ordinary Shares for which Close Brothers Limited. has agreed to subscribe in cash ("the Subscription").

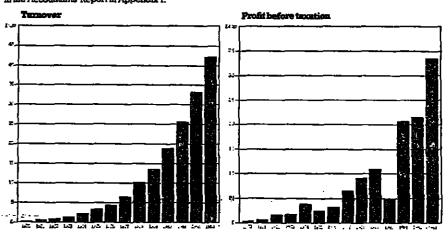
The net proceeds of the Subscription based on the minimum tender price, after deduction of the expenses of the Offier for Sale to be borne by the Company, are estimated at  $\mathfrak{LS}$  15 million. These net proceeds will be used to reduce existing borrowings and to provide additional working capital

The consolidated net tangible assets (under the historical cost convention) of Logica at 30th June, 1983 amounted to £9,849,000. Taking into account the net proceeds of the Subscription as estimated above, the adjusted net tangible assets of £15 0 million represent 42.9p per Ordinary Share on the enlarged issued share

The Directors are of the opinion that having regard to the bank facilities available to Logica, as well as the estimated net proceeds of the Subscription, Logica has sufficient working capital for its present requirements.

Trading Record

Logica's trading record from its formation to the year ended 30th June, 1983 is shown below. The data has been extracted from audited financial statements, adjusted where appropriate to reflect current accounting policies and the present constitution of the Company and its subsidiaries in accordance with the basis set out. in the Accountants' Report in Appendix 1.



Over the five years ended 30th june, 1983 Logica has achieved compound annual growth in turnover of some 33 per cent, and a compound annual growth in profit on ordinary activities before taxation of some 30 per cent. The downtum in profits in 1990 reflected cost overruns on certain fixed price projects in Logica's Dutch

Logica has a marked seasonal pattern in its results, with profits in the second half of its financial year normally being substantially more than those in the first half. This is mainly caused by the holiday seasons which reduce the number of chargeable days of professional time and by the major influx of new graduates joining Logica.

Dividends

Other than a special dividend paid to PRC in 1979 in connection with the purchase of PRCs shares. Logica has never paid any dividends because the Directors have preferred that earnings be retained to finance the future growth of the business. The Directors intend that most of Logica's earnings should continue to be retained but will now recommend that a modest level of dividend payments be made. Following the Offer for Sale it is intended that in respect of each financial year an interim dividend and a final dividend should be paid. in May and November respectively.

In the absence of unforeseen circumstances, the Directors expect that dividends in respect of the financial year ending 30th June, 1984 will amount to not less than 1 0p net per share. Following this Offer for Sale the first dividend which shareholders will receive would therefore be an interim dividend for the current year of not less than 0.35p net to be paid in May 1984, with a final dividend payable in November 1984

Prospects

+Years' service

The Directors of Logica miend to develop the business within the broad range of its existing activities. The UK software industry is widely respected around the world. Logica, as one of its leaders, can benefit from this reputation as it increasingly spreads its international operations. Logica's existing technological expertise and the fact that a significant number of client projects are of a research nature should mean that Logica will remain at the forefront of the latest technological developments

in the course of its everyday work. Opportunities for the acquisition of existing businesses in similar or complementary fields are continually ing reviewed and, if thought appropriate, the Directors would be prepared to expand Logica in this way.

The Directors consider that it is mappropriate to make a profits forecast for the year to 30th June. 1894 at this early stage. However, at the end of September 1983 the number of professional fee-earning staff showed an increase of over 25 per cent-compared with the same date last year. Based on management accounting information, revenue for the first quarter of the current financial year was over 35 per cent, greater than that for the corresponding period last year.

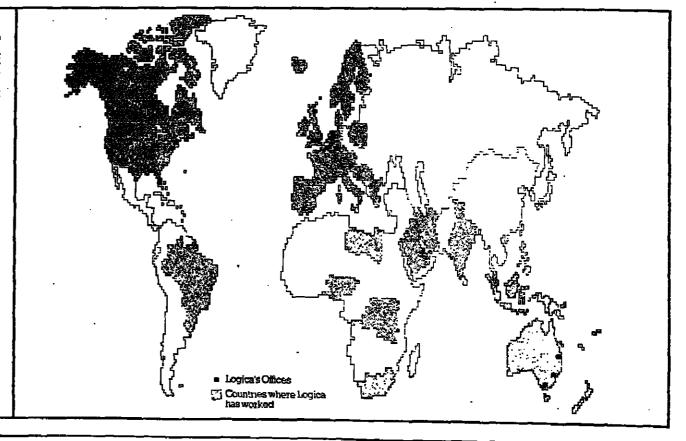
The main markets of Logica – software and office automation – are amongst the fastest growing sectors in information technology. The value of new orders received by Logica during the first quarter showed a very substanual increase over the comparable period last year. The Directors are confident that Logica's technological expertise, reputation, client-base and management policies will enable it to maintain significal growth in the foreseeable future.

Geographical Diversity

Logica has consistently pursued a policy of geographical diversification. It has operating subsidiaries in seven countries, the UK the US, the Netherlands, Belgium, Sweden, West Germany and Australia. It has undertaken work in over 40 countries to date. Many overseas projects, in countries where Logica does not have a presence, are handled from the UK and Logica is a leading exporter of software and consultancy services from this country. According to Department of Trade and industry figures Logica provided approximately 12 per cent of the total exports of computer consulting and software by the Computer Services Industry in the

An analysis of Logica's turnover by location of clients (separately allowing office automation, some of which is exported) for the year ended 30th June, 1983 is as follows:

Restol Europe Rest of World



Appendix I	(ii) Terrover	18/es	(A) Character income
Accountants' Report	The Group humoves for each of the five years excited 30th June, 1983 was as follows Years excited 30th June	(i) Galled up share capital and capital reserves Called up Capital Reserves	Parabuston surpluses to at 50th late, 1995  Royaluston surpluses actions to the year ended 20th June, 1995
The following is a cupy of a Report to the Directions of Logics pix and to the Directions of Cause Brothers Limited made by Pottern Prodes, Chartered Accountains, the auditors and joint reporting accountains, and Price Waterbours, Chartered	(979 1960 1981 1982 ;s <sub>6</sub> 3	Share grounding Share Company Premaran Total  5.300 5.300 5.300	Pared people (41) Refer (41) Current and open was people (41)
Accountants, pust reporting accountants  Price Waterhoose, Frieson Rhodes,	UK 7.490 11.622 16.543 15.501 2.700 Rest of Europe 4250 4.281 5.704 6.135 1.552 USA 221 4.704 6.135 1.552 USA 221 4.704 6.135 1.552 4.705 6.135 1.552	900 M Ordensy State of Operation assessed as 200 and 1800	Melatria tepalen il secarampos ambapana camano con obsented  (40)  Pletarria metrinà cabany
32 London Bridge Street, London ECTV 2NU. London SET 95Y.	USA 22! 452 1.454 4.303 5.161 Restof World 953 1.540 1.556 2.366 2.314	Share present the 1983 — 6123 6123 6123 6123 6123 6123 6123 6123	(35) FELL
The Direction, Logica pic and	(iii) Profiton ordinary activities before position	Ministry arreses as at Plan June, 1982.  subsequently arrested	Yourshiftlily
Tize Directors, 20th October, 1983 Close Brothers Limited.	Profit on ordinary activities before totalism a stated after charging.  Years ended 32th June	inspect in 040,000 Certificary Charles of 10pmeds by any of proceedings of the processing 17th	PRICE WAYER (COSE ROBES Charles Accounts to Ch
Gentlemen. We have examined the finance' information set out below of Logica plot the Company') and its substitiance (regether referred to as the Group') for the five years	1979 1980 1981 1962 1982	Combine 1961 1,804 (1,904) — home of 11 810, 1711 Overlandy Charlet of Lippensch to activities the representation of the monthly inferred.	Premises
from its july, 1976 to 20th june, 1991. The auditors of the Group throughout the period have been Robson Riccies, Createred Accountable.  During the five year, period a member of Group reorganizations have taken place.	Directors' employeests   2000   200	Carrange (#1) 1.181 (1.191) — arms (2.20 11.20	Soles below are straightful promoter, all of whether hearth of Abourt
which have unched the creation of successive on a littlery companies and changes in shareholders and the capital structure of the Group.  A further capital recommission was undertaked, effective 25th October, 1992.	Hire of plant and machinery — 24 73 111 115  Depreciation: the effect of the change in the economic model like of computer	home for each of 4.244 907 Ordinary Shares of 10p	ince Rust Connect connection
whereby all subsidiary companies of Loydon pic have become wholly owned, other than Loydon, line in which there remains a 19 8 per cent immority interest.	equipment noted in accounting policy (vi) at Section 1 above was to reduce the charge for the year epided 31th jime, 1983 by $E$ , 25,000.	######################################	Local review Next test Content buildings expery period devices expens in experience claim (press) data marks from
The financial information set on in this report has been prepared on the basis that the Group had been in existence with its present constitution (but excluding new shares issued in connection with this (offer for Sale) introduction the five year period. The	(iv) Interest Years ended 30th June	(a) hangible fixed seests	UE
results for Preyberg Systems Associates. Incorporated and Fladning Research Corporation (Australia) Pry. Limited have been conscillated from their respective dates of acquisition by the Circum The financial information is based on the audited	1979 1981 1981 1982 1983 1707 1708 1708 1709 1708	A: Tith June, 1965 these comprised: \$7000 Development 2003	Abardeed Assert   19 (984 are ale 53.195 90)
financial statements of Logica pin and its subsidiaries after making such adjustments as we consider appropriate. In our opinion the financial information set out under the heading Historical Cost	This comprises: Interest payable on: Short term loan 16 15 15 13 — Bank interest 113 257 315 261 243	Gcote:: 3,199	Cobban Carban Park Downside Read 16 3 200 5 848 1664 £78,000 22,000 London
Accounts gives, under the Ensured convention and on the bass of the constitution of the Group as stated above, a rule and fair view of the profits and source and application of funded the Group for the fire years ended 30th June, 1982 and of the state of altains of the Company and the Group at 50th June, 1982.	Intereston short term 103 114 — — —	Development costs curried forward relate to work on product modifications to treet the requirements of a matter customer and are being within of over the	Sind Print Street W 1 Lease on the same and
in our opinion the financial information set our under the heading Current Cost Accounts has been croperly prepared in accordance with the colleges and methods	Other 3 23 59 56 —  231 418 323 360 231	period consist by the commental agreement with that cultures.  (a) Tangble fixed assets  A: 17th Line (\$62 these compared.	From Proceed Wil 24 / 194 7 28 2 290 2 200 6 1 4 20 6 1 4
described in the actes increin to give the information required by Statement of Standard Accounting Practice No. 16. No endated financial statements have been prepared for the Company or the Group	Interest receivable on: Bank deposits 5 29 81 65 (62	Accumulated Not Cast Depreciation Sock Value	- 10 for 12 12 20 20 20 20 20 20 20 20 20 20 20 20 20
for any period subsequent to 20th June, 1982.	Other 6 47 -	F000	E4 North and Treet, W . 2012 1999 No. 36 May 25000 5500 P6 North and Treet, W : 2012 100 5 May 1993 2100 000 14,000
Historical Cost Accounts	Interest payable (net) 225 279 308 248 57	Militaria 885 403 412 Farrand to 127 266 195 71	ES Languager Road Sarret
<ol> <li>Accounting policies         The significant accounting policies adopted in arriving at the financial information in</li></ol>	(v) Taxation The charge for taxation on the profit on ordinary activities for each of the five	7,343 3 (5); 4,250	Swindon Disjon Way Country See Industrial Estate 246.2015 7 tomos \$134,000 65,000
this report are as follows.  (i) Transver	years ended 30th June, 1982 is as follows: Years ended 20th June	(e) Stockand work in progress At 51th June 1972 inspector propert  5 000 \$100	USA California California
Turnover represents amounts invoiced to clients net of amounts billed in advance and excluding VAT.	\$55: \$199   1991   1992	Fire marketals and communities 15.767 White appropriate 15.767 Lear Progress payments as seconds 11.363 4478	Manager Aver at Larker at 30 1 1898. In a Infa. 1888 189 3,120 Three Emiliar Larker Coulds. Sim Practice: 30 11 1986 Infa. Infa. 1881 08,000,700 3,000
(ii) Recognition of profits  (a) Profit on curvacts for the supply of professional services at pre-determined	UK corporation tax at 52% on profits for the year 250 10 212 540 461 Overgoes attraction — — 40 13	Finalized questionant quarter results 192 5 758	194 San Freic Avenue Colored Communications Substitute and American Substitute
rates is taken as and when the work is billed irrespective of the duration of the contract.  (b) Profit is taken on fixed price contracts whilst the contract is in progress,	Foreign azx in respect of overseas subsidiaries 235 (179) 517 256 5.0 Relief by overseas taxation (5) (2)	(v) Debugs	Florida 28. Canten Avenue, Warrer Mouthly Park Crimpio hase no me HESIS 509 1,100
having regard to the proportion of the coal contract which has been completed at the belance sheet date. Provision is made for any foreseeable future losses based on an estimate of the direct costs to be incurred.	Overprovision in subsidiaries in respect of prior years (11) 10 3 (15) (32)	industried of debtors are accounts totaling E2S4,000 duo after more than ext year from arrestments in themse leasest  (eq.) Sank loans and overduals	History S.T. Gerth Flant Grove Road. Schaught 23 306.1984 his his USSUREM 1,0,0
(iii) Stock and work in progress (a) Physical stock and work in progress is valued at the lower of cost and not	respect of prior years (11) 10 3 (13) (32)  Deferred taxation (65) 51 - 259 2  412 (112) 732 1.117 1.011	Certain submittees had at 3th June, 1923 bankoverdrafts totaling \$1.588.00 sectored by facel or floating charges on their associa.  (vii) Creditors	Manage Inspects  57 Mark Septem 30 6 1986 - 20 - 20 1983 183 4 230  New York
(a) Physical stock and work in progress is valued at the forest of cost and net realisable value.  (b) The valuation of work in progress on fixed price contracts is adjusted to take up profit to date or foreseeable bases in accordance with (i)(b) above.	4:2 (12) 132 1.117 1.711 (vi) Extracredinary tiem.	Included in are firsts are amount totalling \$188,000 due offer more than one year.	20 Decision Fine New York 2021986 am 18.7 1986 US\$114.677 2.670 4875 US\$114.677 2.670 500 1981 US\$114.677 2.670 1981 US\$114.670 1981 US\$114.670
(c) Other work in progress is rathed at cost or at estimated pet realisable value if lower. Cost complises:	The extraordinary from arrang in the year ended 37th June, 1990 related to the sale of distribution rights to a text leading system by Logica VTS Lumited. No tax arose on the disposal as the chargeable gain was releved against ax lattice.	(vin) Deferred images Provided national and for deferred images in accordance with according policy (vil) in Section 1 above. The full potential liability and the according	686 Third Arthur, New York  - (**), There
Professional work in progress valued at the cost of salaries and associated payroll expenses of employees engaged on assignments and a proportion of attributable overbaads.	arising in that subsideary during that year. (vii) Earnings per Ordinary Stare	gravideo a se isllawa Pakantal Labis'y Province	Netherlands
Unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.	Earnings per Ordinary Share are based on the 30,755, 180 Ordinary Shares of 10 p each in issue immediately prior to the issue of 4,344,607 new Ordinary Shares for each in connection with the Offer for Sale, and on the profusion or distary activities	Accelerated capital allowances 154 157 Cites that the manufacture (see ) 14	Rotterdam Victoriand 12 2011 80. 300 1988 Annual 1.7 (884 19844 891 - 18:30)
(iv) Research and development Research costs are written of in the year in which they are incurred unless they	after taxation and minority interests for each year ended 30th June.  (viii) Adjusted earnings per Ordinary Shane  Adjusted earnings per Ordinary Shane for the year ended 30th June. 1983 or ly	Other than term toming differences (not) 14 24	Belgram Brussels Fue the List with 80 30 6 1988 Annual 1 1 1984 BF778 104 5 100
are to be reimbursed by third parties. Development costs are also written of in the year in which they are incorred unless they are to be reimbursed by third parties or they result in the production of an identifiable saleable product.	have been calculated on the 35,000,000 Cridmary Stares of 10p each to state immediately after the issue of 4,244,817 new Orthmary Stares in consecuting with the Offer for Sale, and on the profit on orthmary activation together with actional	(ix) Comment inhulate  Summarism on which indentifies to their bearings in support of	Sweden
(v) Goodwill Goodwill is stated at cust and represents the excess of the cust of acquisation of	unierest at 10 per cent, on the net proceeds of the smorth? Is military calmilated at the minimum tender price. Less ministry interest and after.  (a) the actual tax charge on profit opportunary amministrant lax at 52 per cent.	performance conducted guaranteen given as the ordinary contained business amountage (c. 1997).  (c) Capital communicates	Stockholm Normal Automorphian 19-91. Salas as a 14 1984 SERESSONO 8,000
subsidiaries over related net arigible asses at the dates of acquisition.	on the notional laterest.  (b) a roponal tax change of 52 per cent on profit on ordinary activities and an the notional interest.	At 10th June (36) maps were contributions contribute placed for sup this contribute that the contribution of the first participation of the first participat	Cermeny
(vi) Depreciation  Depreciation is provided at rates calculated in write down the cost of all tangible fixed assets over their estimated useful invesion a straight-line basis. The annual			Descriptions 2, D Give 31 3 1967 no no DAMECTOS 1,700
rates of depreciation used are as follows:  Office equipment — 10 per cent.  Computer equipment — 20 per cent. (for the year ended 30th June, 1983; 33%	<ol> <li>Consolidated source and application of funds statements</li> <li>The source and application of funds statements for the Group for each of the 5ve years ended 30th line. 1983 are as follows:</li> </ol>	Convent Cost Accounts 5. Consolidated convent cost profit and loss accounts Years rended 30th June	Anstralia Brisbano Lance & Signaton (Case
Componer equipment — 25 per cent (or the year entertour)  Montrous — 25 per cent Plant — 25 per cent	Years ended 30% June 1975 1980 1981 1982 1983	1962 1963	2001 Westhurn Terracu 1.8 1986 Annual 18 1984 A311.884 990 Melbourne
Tooling — 50 per cent Leaseholds — equally over ife of lease	CXX2 CXX2 CXX2 CXX2 CXX2 CXX2 Profit on continuous particular activities before	Turaceer 53 188 42 35	12th Rear, 12 Collins Jarret 17 # 1986 2 19 8 1985 A\$28,700 1,380 Sydney 157 Walker Street
(vii) Foreign currency translation The assets, liabilities and trading testilis of foreign subsidiaries are translated	1 091 438 2.058 2.159 2.346 Extraordinary sem	Figure and managerity on profusery activates before to the profuser and foreign and appears and foreign and appears and appear	- Set first 11.1.1.25 n.a. 1.2.1.264 ASS 508 1.900 - 600 first 1.4.1.255 n.a. tota ASS 1.400 ASS 1.000 Notes at ASS 1.400 assessment promonly as office parameter except for
mio sterling at the rate of exchange ruling at the relevant balance sheet date.  Deferences arising on restatement of the net investment in foreign subsidiaries and related net foreign comency borrowings are deelt with as adoptionents to	1.091 546 2.062 2.153 3.546 Advestments for items not involving the movement of funds	Connect cost operating adjustments  Cost of sales  Minerary working supposi  Deprehation  (27) (28)  Cost of sales  (28) (28)	the properties in Swinder and Barnet which are used premarily for translationing.  [1] Let as his discentified into appropriate (public to the grant of planning.)
reserves. All other differences on exchange are taken to the profit and loss account.	Depreciation         285         579         760         800         723           Deferred development costs         —         —         —         —         (122)         33           Profit on sale of fixed assets         (E)         (25)         (12)         (3)         (.5)	Degreeation (257) (251) - Exposal of Succession (6) (13)	permitte met to journ 22 300 square foot at 60 60 Great Puriland Street, London With an annual remaining for of 23 is 0.00
(viii)Defected texation  Provision is made for defected texation, at the rate of tax ruling at the relevant	Exchange differences on translation of fixed assets and taxanon labrithes — 4 11 22 (55) Exchange differences on translation	Current cost operating profit 1,928 3,048 Interior reconstable 112 163	Statutory & General Information
balance sheet date, in take empiric of uning differences between the treatment of certain items for accounts purposes and their freatment for six purposes. The provision is maintained to the exient that uning differences are not expected.	of the net investment in foreign (18) (6) (27) 54 ::73 submidlaries	Interest parable (360) (243) Gearing Adjustment 77 48	1. Share Capital  (i) The Company was memporated in England on CCh April 1992 under the name
with reesonable probability to commue into the foreseeable future.	Funds generated by operations         1.252         1.095         2.770         2.929         4.334           Taxation refunded         —         —         333         172         —	Correct cost profit on ordinary activates before taxation 1,757 3 009  Taxation (1,117) (1,011)	Leading Instrumed with received not 1531650 as a private company with lamined Lebery under the Company of Arts 1948 to 1981 and with an authorized share expected the disasted upon 1980 Ordinary Sharehold II each of which we
(ix) Finance lease income Income from finance leases is taken to profit and icss account based on a constant periodic rate of return on the net cash investment in each lease.	- Taxation pard (572) (173) (515) (754) (555) Sale of fixed assets 96 (07 204 57 120) Purchase of fixed assets (852) (1,524) (1,205) (1,232) (2,113)	Connect cost profe on ordinary activities after taxation 640 1,998 Monthly category (CS) 3	much theirs were calcumbed and paul up in each On 13th September, 1992the name of the Company was changed to forgon Securiors Limited, On 19th October, 1993 the Company was re-registered as a public company and the
	Funds generated by the business 23 (594) 1,637 1,132 1,723	Net current cost profit retained 6.5 2001	name changed to keep a plo.  (ii) There have been the lattering changes in the authorised and maned stars capital of the Company since its propporation.
Consolidated profit and loss accounts     The profit and loss accounts of the Group for each of the five years ended 30th June;	Loans received — 603 353 — — Loans repaid — (103) — (653) Shares issued in part consideration for	6. Consolidated current cost summarised balance sheet	(a) alon Extraordinary General Maction helden 17th June: 1988 machinous were passed if the sub-fractions and Contract States of Contract States and Contract States of Contract States o
1983 are set out below:	new subsidiary — 240 — Purchase of new subsidiaries — (364) (324) Sash rijections/withdrawals associated with Orong representations	30th June, 1963 Notes £000	arie 1 000 Crainary Struction (top each and cit to accrease the authorized share capital of the Octopany to \$100,000 by the creation of \$99,000 new Octobary Strategic (top each of \$99,000 new Octobary Strategic (1) 0000 of the product of \$10000 of the product of \$100000 of the product of \$10000 of the product of \$10000
Years ended 30th June Notes 1979 1980 1981 1983 1983	(see below) 444 181 — (100) 1,510	Fired assets interprise assets 2.771	(b) on \$1.0 August, 1080 102,000 Continuity Shares of top each ween issued for cashello proced \$12.75 per share. The not preceeds of such issue were approximately \$1.3 million and such proceeds were applied in trapector.
F000 £000 £000 £000 £000 £000 £000 £000	(Increase)/Decrease in working capital Stock and work in progress (660) (649) 1 (139) (2.329) Debtors (1.119) (905) (1.553) (1.220) (4.179)	Tampide assets (ii) 5.615  8.386	the purchase of 200,000 Ordinary Sharecol life each and 20,000 Deserted. Shares of Elecution Logica Holdings Limited ("Holdings Throm NEB. (a) on 28th Aurisis, 1982 793,980 Ordinary Sharesof Top each were usual,
of finished goods and work in progress 1,145 645 (195) 162 2,238	Creduors 508 1,582 (163) 699 3,451  Increase/(Decrease) in net liquid funds (806) 218 172 164 (1,551)	Net corrent assets Stock and work is progress Monetary working capital 1,177	credited at fully paid, in exchange for 800,000 Carlinary Shares of top each; and 80 200 Deferred Shares of all each at Holdings held by the Directors and staffed to ace;
Revenue 14,059 18,550 25,658 33,330 44,423 Raw materials, consumables	Cash injections/withdraweis associated with Group reorganisations	Other current liabilities (1,009)  5,992	(J) by a resolution presed on 17th October, 1993 the authorized share capital of the Company was increased to £3,750,000 by the creation of 35,500,000 new Ordinary Sharesef (Dip each On 1 2th October, 1983 18 (40,000 new Ordinary Sharesef (Op each were issued, credited as fully paid, by way of
and other external charges 4.557 5.992 6.262 8.590 12.212 Staff costs 5.934 8.396 11.219 15.695 19.999 Depreciation and other amounts	are as follows:  Cash payments to vendor shareholders (4,167) — — — (3,445)  Cash subscribed by incoming	Not operating essets 14.368	capitalisation of resolves to existing holders of Ordinary Shares in the proportion of 20 new Ordinary Shares for each Ordinary Shares from held; and on 20th Ordinary Shares for the service of the serv
written off tangible and intangible fixed assets (iii) 285 579 730 800 884 Other operating changes 1,972 2,706 5,071 5,848 7,925	shareholders for new shares 2,815 1,877 4,955 Loans received from National Enterprise Board 1,796	Shareholders' interests Share capital acti capital reserves 11,295 Current cast reserves (iii) 1,170	resuled. Credited as fully paid, in exchange for the 623 950 Onthrary Shanes of 10p cach and 627,650 Deferred Shares of 10p each in Holdings not already owned by the Company:
12,748 12,673 23,282 30,923 40,990 Profit on ordinary activities	Loans repaid to National Enterprise   - (1,696) - (100) -	Profit and loss account 1,196	(e) under the termical the sale and subscription agreement described at paragraph 5 below. These Brothers turnied conditionally agreed on 20th Outster 1982 is strongly for 3 24 501 page Online Stronger 1982 is a strongly for 3 24 501 page Online Stronger 1982 is a strongly for a 24 501 page Online Stronger 1982 page 1982 pag
Defore interest and taustion   1,311   877   2,376   2,407   3,433   Interest payable (net)   (iv)   220   379   308   248   87	444 181 — (100) 1,510 4. Balance sheets	Minority interest in Logica, Inc. 336 Deferred taxanon 399	the Company at a price purchase equal to the smining price hades the Offer for Sale less 2 per cent of the minimum tender price per share.  (iii) The following indices of strings by a hardware of the Company have been percent.
Profit on ordinary activities before texation (iii) 1,091 498 2,068 2,159 3,346 Taxation on profit on ordinary	The balance sheets of the Company and of the Group at 30th June, 1983 are as follows:  The Company The Group	14,368	which the last two years:  (a) on 18th july, 1982 1,000,000 Cyrdinary Shares of 10p each in Holdings water  1834ed, croduled as fully part, by why of cantal author of years ages.
ectivities (v) (412) 113 (732) (1,117) (1,011)  Profit on ordinary activities after texation 679 611 1,336 1,042 2,335	Fixed assets Inlangible assets (ii) — 3,246	7. Notes to the coursest cost accounts (i) Besis of calculation The accounting policies set out in Section 1 of this report apply to the Current	(b) on 19th law 1962 195,000 Ordinary Shares of top each in Legion Group Lamited Concept were sensed, credited as fully paid, by way of carrialisation of reserves.
After texaction 679 611 1,336 1,042 2,335 Minority interest — — (SS) (10) Extraordinary stem (vi) — 48 — — —	Tangible assets (iii) 4,292 Investments in subsidiaries at cost 8,384	Cost Accounts except where amended by the items noted below.  (a) Fixed assets and depreciation  The Carrent replacement and of fixed assets is determined by applying	(c) on 19th July, 1952 8, 70 Craimary Shares of 25p each in VTS ware stated, credited to fully paid, by way of expeditation of reserves.  (d) on 5th August, 1962 336,600 Craimary Shares of 10p each in Roldings were
Profit attributable to Ordinary Shareholdens (i) 679 659 1,336 987 2,325	Concress assets 6,364 7,538  Concress and work in progress (iv) — 5,788  Debtors (v) — 12,030	relevant price indices to the original cost of the assets. The depreciation adjustment is the difference between depreciation on the historical cost of the assets and depreciation on the current replacement	(e) on 25th August 1562257.050 Ordenery Share of 10p each in Heidings were  Stated to consider a real for the companies of 10p each in Heidings were
Earnings per Ordinary Share (vii) 2.2p 2.0p 4.3p 3.2p 7.6p  Adjusted Earnings per Ordinary	Debtors (y) — 12,030 Amounts owed by subsidiary compenies 558	COS. of the assets.  The effect of the change in the estimated useful life of computer equipment noted in accounting points (w) to the Hamping I Cost Accounts was to produce	contained at Crisical and 12 the dequation of J. 1990 Octobery Sharmed the contrained 37-900 Defended Sharmed Sharmed Court.  (f) conditi May 1983 1975 Out Chain are Sharmed Thomas has been contained at the contrained to the contrained of the contrained to the contrained of the con
Share (a) after actual tax charge (vin) Z3p	Cash and bank balances         —         1,030           558         18,848	the current cast charge for the year ended 30th june, 1983 by \$152,000.  (b) Speck, work in progress and cast of sales adjustment Speck and work in progress are shown at their value to the business. The	(c) impart of the consideration for the parchase of Further Symens Amount of the consideration for the parchase of Further Symens Amount of the consideration for Symposium (See Further Section 1) or Symposium (See Further Section 1)
(b) efter notional 52 per cent. (viii) 5.3p	Courset liabilities	cost of sales adjustment identifies the difference between the value to the premess of stock command and the cost of stock charged on the historical cost bass. It is calculated upon internally concerned uniform applicable to	manufar frankrinder (a. 1. daren 1 he year ended Joh hann, 1982 7, 300) t marcon Common Stade et no par valve and (a.) on 27th September, 1993 800 than and Common Stade after a stade of the control of the September, 1993 800
Notes	Bank loans and overdrafts (vi) . — 2.833 Creditors (vii) 2 2.785 Taxahon and other state creditors 1 2.274  3 12,892	stock and work in progress.  (c) Monetary working capital adjustment The numetary working capital adjustment rollects the impact of price	the order of the first price of the price of
(i) Dividends and retained earnings (i) Dividends and retained earnings (in connection with a Group reorganisation effective January 1979, a dividend of £722,233 was paid by Logace Nederland B.V. on 23th December, 1978 to	Net current assets 555 5,956	clanges on the amounts required to maintain the manetary working capital of the business in current cost forms. It is calculated with military to the	the state of the section of the state of the
£722,233 was paid by Logica Nederland B.V. on 23th December, 1976 to Planning Research Corporation. This dividend was declared out of retained earnings as at 30th June. 1978 and is excited from the above consolidated profit and loss accounts. With this exception, no dividends have been paid to third	Total assets less current liabilities 6,919 13,434	debtors creditors and cash associated with the day to day activities of the business using appropriate indices.  (d) Gearing adjustment	state heldered to the have been full by the state in manny
parties during the five years ended 30th June, 1983.	Deferred texation (viii) — 399 6,919 12,095	The geomety adjustment represents that portion of the current cost adjustments which can be regarded as being financed by third parties.	1964 Bull made their growth and disclaims discussed against Asthur.  1964 Bull made their growth and disclaims discussed material qualitations.  1975 Bull made their growth and Talance and the falling discussed material qualitations.
1963 total £5,965,000. This, together with relevant movements on foreign currency translation amounting to £2,19,000 for the five year period, would give currellative retained earnings of £5,305,000.	Capital and reserves Called up share capital and capital	(ii) Tangible fixed assets  Cross Depreciation Net	(v) Save and company to the company of the transfer of the same
As a result of the various Group reorganisations, 24,685,000 of these retained earnings, and all retained earnings prior to let July, 1978, represent	reserves (0) 6.419 11.235 Profit and loss account 500 1.520	uet met mot	(4) The Art I is the representable the majority of the articular plantation. After the control from the control of the proposed When paged fulfier. Fulfill and of the control of the articular proposed when the property.
and have been capitalised by way of share capital issues and related share promiums. Accordingly retained earnings of the Group at 30th June, 1953 arms med to £1,520,000.	Minority shareholders' mierest in 12,818  Logica, Inc. — 260	Short leaseholds   2,898   807   2,049	(b) Institutions are unconsists for the adjusting offers appeared became have being an unset for the College on the are of the adjustment as a first and a first and the first of the first and a second of the adjustment of the
There were no other novements on relained earnings during the five year period.	6213 12.95	97.0 4.117 Sel3	Observed in the encounter, many of intermediately he has integral before contracted to the many of the
			with ord althoughter the sky to be but side in factor



(vi) By a Special Resolution of the Company passed on 17th October, 1983 (a) the Directors were generally authorised for the purposes of Section 14 of the Companies Act 1990 to allot relevant securities (as defined in that Section) indicated in the amount of the unssued share capital of the Company at the time of passing the resolution, such authority to expire on the date of the Company's nex Ammal General Meeting, and (b) the Directors were empowered, pursuant to Section 18 of the Companies Act 1980, to alich equity securities pursuant to the authority referred to above as a Section 17(1) of that Act did not apply. This power expires on the date of the Company's next Animal General Meeting and limited to the allotment of the Company's next Animal General Meeting and limited to the allotment of the Company of the interest Limited, allotments in connection with rights issues to Ordinary Shareholders or otherwise to the allotment of a maximum of 5 per cent of the authorised shere capital of the Company at the time of passing the resolution.

(vii) By a Special Resolution of the Company passed on 17th October, 1983 new Arudes of Association were adopted.

(vii) No material issue of shazes of the Company (other than pursuant to the sale and subscription agreement referred to in paragraph 5 below or consequent upon an offer to shareholders by way of rights or bonus issue) will be made within one year of the date of this Offer for Sale without the prior approval of the Company is General Meeting.

(iz) Following this Offer for Sale, 2,500,000 Ordinary Shaires of 10p each in the Company will remain unassued but no issue of such shares which would effectively after the control of the Company or the nature of its business will be made without the prior approval of the Company in Ceneral Meeting.

2. Articles of Association.

The Articles of Association of the Company contain, inter alia, provisions to the

(a) Votes of Members

Votes of Members
Subject to dissenfunctivement of a member in the event of non-payment of any calls or other moneys due and payable in respect of any shares or non-compliance with a statutory notice requiring dischange as to beneficial coversing and subsect to any special terms as to woring on which any shares may be held (no phares beyong been issued subject to special terms) every member present in person or by proxy shall on a hold have one vote and every member present in person or by proxy shall on a poll have one vote for every 10p in nominal amount of the shares held by him.

Variation or nogus

All or any of the nights or privileges attached to any class of sharesmay, subject
to the provisions of the Companies Acts 1948 to 1981, be varied or abroquied (a)
in such manner (if any) as may be provided by such rights or (b) in the absence of
any such provision, either with the consent in writing of the bidders of at least
times function of the normal amount of the issued shares of that class or with the
sanction of an Extraordinary Resolution passed at a separate meeting of the
bidders of the rasped shares of that class, but not otherwise.

Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than two. No maximum number of Directors is fixed by the Articles of Association.

(ii) Save as provided in the Articles of Association, a Director shall not vote or be counted in the quantum present at a meeting in relation to any resolution on which he is debarred from voting in regard to any contract, arrangement, transaction, proposal or dealing in which he lessany material interest. Subject to the provisions of the Companies Acts 1948 to 1981 the Company may by Orchnary Resolution suspend or relax such provisions to any extent or rainly any transaction not authorised by reason of a contravention thereof.

(iii) The total aggregate fees available to be distributed to the Directors of the Company (excluding any Managing or Executive Director) are £50,000 together with any additional remunezation voted by the Company in

(iv) Subject to the provisions of the Companies Acts 1948 to 1981 the Directors may from time to time appoint one or more of their body to be Managing Director or joint Managing Directors of the Company or to hold any other Executive Office as they may decide either for a fixed term or without on as to period and may remove or dis immation as to period and may remove or dismiss multi-order moniscen-office subject to the provisions of any agreement between the Company the appointee. A Managing Director, Joint Managing Director or Executi Director shall not be subject to retirement by rotation not be taken into account in determining the retirement by rotation of Directors. At each Annual General Meeting one-librid of the Directors who are subject to retirement by rotation (or the number nearests) but not exceeding

(v). The remuneration of the Managing Director and the Executive Directors The remineration of the hearing Director and the Executive Emissions shall, subject as provided in any service contract, be such as the Directors may from time to time determine. It retirion the Company may repay to any Director all such reasonable expenses as he may man materialized meetings of the Directors, or any committee of the Directors, or General Meetings or otherwise mor about the parformance of his duties as a Director. Any Director who has made any special journeysor performand. any special services which in the opinion of the Directors are desirable be paid in addition to any Directors fees to which he may otherwise be entitled under the Articles of Association such nessonable additional remuneration and expenses as the Directors may determine.

(vi) The Directors on behalf of the Company may give or award pension The Directors on Senan of the Company may give a ward peasons, amunical gramines and superamusion or other ellowinces or benefits to any present or former Directors or employees of the Company or of any company which is establishery company of or alised or associated with the Company or any such subsidiary and to the wives widows, children and coller relatives and dependents of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of such persons or any of them.

(vii) A Director shall be capable of being appointed or re-elected a Director despite having attained the age of seventy and shall not be required to reture by reason of his having attained that age and Section 185 of the Companies Act 1948 (relating to the appointment and retirement as Directors of persons who are aged seventy or over) shall not apply:

(viii) A Director shall not require a share qualification.

(cf) Borrowing Powers

VI : Domnant

†The balance is owned by employees of Logica, Inc.

Borrowing Powers

The Directors may exercise all the powers of the Company to raise or borrow money and to mentgage or charge its undertaking, property and uncalled capital and subject to Section 14 of the Companies Act 1990 to issue debentures and other sectimises whether outright or as colliseral sections for any debt, liability or obligation of the Company or any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of controlling its subsidiaries so as to secure (as regards subsidiaries so far as by such exercises they can secure) that the aggregate amount a raity one time owing by the Company and all its subsidiaries in respect of moneys borrowed. by the Company and all usual Statistics in respect of diotelys borrowed (exclusive of moneys borrowed by the Company or any of its subsidiaries from any other of such companies) shall not at any time without the previous struction of the Company in General Meeting exceed the sum equivalent to funce the eggregate of the momental capital of the Company for the time being issued and paid up and the amounts standing to the credit of the consolidated reserves (including share premium account, capital redemption reserve and profit and loss account) of the Company and its subcidiaries after adjustment as specified in the relevant Arcicles.

3. Subsidiary Companies There are set out below details of the subsidianes of the Company all of which are

busis companies and a	argin mosts crostmass:	RIGG! MDORT-OM		
			Empl	oyees
			N	85 at
	Commenced data	*	Nature of	30th
	Country and date	Issued	humness	Jame,
Name	of incorporation	stare capital	(see note)	1383
Logica Holdings				
Lamited	England - 30.6.1978	£424.730	I	_
Locaca Group Limited	England - 14.9, 1978	£170,500	Ī	23
Logica UK Lumited	England-13.2.1969	£110,000	Ī	829
Logica VTS Limited	England - 13.2 IS78	£500,000	ĪĪĪ	23 829 237
Locica SP Limited	England - I.I.Z.1983	\$2,000	īv	
Legge Leasing Limited	England - 19.1 1981	£10.000	Ÿ	_
Logica Data Systems		-10,000	•	_
Limited	England = 6.6 1969	000,0013	Vī	
1900 Group Limited	England - 3 12 1970	£100	νi	
1900 Holdings Limited	England = 17.9.1971	£100	Ϋ́	=
	ENGINEE 17:9:1911	2100	**	_
Video Typura Systems	England - 12.12.1975	£100	VI	
Lumed	Englant - 15 15 15 15 15	2100	AT	_
flogica, inc.	US-17.3.1977	US\$1.482.538	п	164
(80.2% owned)	(2-112121212	C29 「ADペン30	щ	154
†Freyberg Systems				
Associales,				
Incorporated	770 1 5 10 77		-	
(80.2% ov/ned)	US-1.5.1977	US\$17,690	Ī	
Logica Nedarland B.V.	Netherlands - 27.3   569	H£ 38,490	Ī	.=
Logica E V.	Netherlands-20.2 1973	HG 10,000	Π	103
Logica, Société	D-1-2 DE 1990	DD0 041 D00	_	
_ Anonyme	Belgium - 5.5.1979	BF3.244,000	II II	16
Logica Svenska AB	Sweden-1.11.1972	SEE 50,000	ц	30
Logica Gesellschaft mit			-	
beschränkter Haftung	West Cermany - 7 9.197.		Ī	===
Logica Pty. Limited	Australia – 23. JC 1974	A\$304,000	к	74
Planning Research				
Corporation				
(Australia) Pty.			_	
Lumed	Australia – 28 3. 1979	AS2	ਹ	_
Lawdan Holdings Pry.				
Licated	Australia - 25 1977	A\$2	ΛĬ	_
Lawcan Pty Limited	Auguralia - 2 10 i 973	A\$3,000	ΛĬ	_
Logica Pie. Limited	Sungapone – 4.11 1390	SIZ	VI.	_
	holding company			
II : Computer co	ancy, systems and pr	educts		
	sanufacture of office actors	ation products		
	cts and major contracts			
V : Leasing				

4. Directors' and Other Interests

(i) The interests of the Directors in the enlarged issued share capital of the Company immediately preceding the Coler for Sale; assistivin by the regionation and the provision of the Companies A. i. 1967, and their respective interests immediately following the Offer for Sale (excluding a stares which any of the Directors may purchase under this Offer for Sale), follows:

Non-Beneficial beneficial | Beneficial | Beneficial | Beneficial | 3446,690 (8.8%) 383,502 (1.1%) | 2.509,267 (8.0%) 256,802 (0.7%) | 2.516,914 (4.3%) 388,256 (1.1%) | 1.516,914 (4.3%) 388,256 (1.1%) | 1.516,914 (4.3%) 388,256 (1.1%) | 1.516,914 (4.3%) 389,267 (1.6%) 330,510 (0.9%) 114,454 (0.3%) | 512,720 (1.3%) | 56,542 (0.3%) | 572,376 (1.6%) 373,314 (0.3%) | 214,410 (0.6%) | 4.520 (1...) | 175,665 (0.5%) | 2.68,430 (0.5%) | 165,144 (0.5%) | 2.68,430 (0.5%) | 165,144 (0.5%) | 2.68,430 (0.5%) | 165,144 (0.5%) | 2.68,430 (0.5%) | 165,144 (0.5%) | 2.68,430 (0.5%) | 165,144 (0.5%) | 2.68,700 (0.3%) | 112,660 (0.3%) | 33,912 (0.3%) | 112,660 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 33,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (0.3%) | 34,912 (ii) Apart from the shareholdings of Mr.P.A.B. Hughes and Mr.L.A. Taylor shown in sub-paragraph (i) above, the only holding which will represent five percent or more of the normal value of the issued witing share capital of the Company following this Offer for Sale is a holding of 2, 100,000 Ordinary Shares (six percent.) held by Shichting Shell Pensioenfonds.

cent.) never by sociating ones removerable.

(iii) Save as disclosed in paragraph I(ii)(c) above and save for four Directors who have purchased motor cast from Logica in each case a market value, in Director of the Company has or has had any inverest, direct or indirect, in any assets which writin two years before the date of this Offer for Sale, have been, or are proposed to be, acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

(iv) No contract or arrangement subsists in which a Director of the Company is materially interested and which is significant in relation to the business of the

matemally interested and which is significant in r Company and its subsidiaries taken as a whole. (v) No Carector of the Company has any existing or proposed contract of service with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employing company without payment of compensation within 12 months.

(vi) In the year ended 30th june, 1983 the aggregate empluments of the Directors amounted to £363.229. It is estimated that for the year ending 30th june, 1994 the aggregate empluments of the Directors will be approximately £425.000.

5. Sale and Subscription Advantagement 5. Sile and Subscription Agreement.
Close Brothers Limited has agreed, subject to the Council of The Stock Exchange admitting the Ordinary Shares of Up each of the Company to the Official List not later than 2nd November, 1983, to purchase from all the Directors of the Company (the Vendor Directors'), other staff shareholders (the "vendor staff shareholders") and institutional shareholders (the "vendor institutional shareholders (the "vendor is shumons") details of which are set out below, 2, 124,974, 1,241,632 and 2,788,597 Ordinary Shares respectively end to subscribe 4,244,807 new Ordinary Shares, in each case at a price per share equal to the striking price less 2 per cent of the murman tender price per share, and to offer all such shares for sale to the public by tender at a mamman tender price of 140p per share. The vendor reshintons and the number of Ordinary Stares being sold by them under this agreement (including, where applicable in relation thereta, holdings of investment trusts, unit trusts or funds managed by them or which own them) are as

Airways Pension Scheme
CIN Industrial Investments Limited
Groupe Drouot
F&C Management Limited Groupe Drouot
F & C Management Limited
Provincial Insurance PLC
Saleguard Industrial Investments PLC
Slandia Insurance Company Limited
Stichting Shell Personantonds

(i) the vendor staff shareholders have agreed not to dispose of any further shares in the Company until after publication of the eachted accounts of the Company and its subsactances for the year ending 30th lune, 1984 and the report of the Directors for such period (the Publication Date?) except (a) with the prior consent in writing of Close Brothers Limited and the Company or (b) in the event of audier, being made to all the holders of Ordinary Shares in the Company (other than the offeror and/or any person associated or acting in concert with the offeror) in acquire their shares (an "Acquisition Offer"); and

ecquire their shares (an "Acquisanon Offer"); and

(ii) each of the vendor Directors has agreed not to apply for shares in the Offer for Sale and not to dispose of any further shares in the Company until after the Pu's canon Date and also to accept restrictors on the sale by him of the remainder of his shareholding in the Company mmediately following the Offer for Sale on a cumulative sliding scale for the period from the Publication Date until after publication of the audited accounts of the Company and its subsidiaries for the year ending 30th June. 1986 and the report of the Directors for such period unless (a) the prior consent in writing of Close Brothers Limited is given or (b) an Acquisinon Offer is made or (c) the Board of Directors of the Company, or any committee thereof or the Company peeses a resolution dismissing him or pequesting his resignation from the Board of Directors of the Company.

The costs and expenses of and incidental to this Offer for Sale, including the cost of preparing, punting, crutalating and advertising this Prospectits and other documents in connection therewith, the increase in and reorganisation of the share capital of the Company and associated capital duty, the adoption of new Articles of Association, all accounting expenses, the Company's legal expenses, the receiving bankers' and registrary fees and expenses, the fees payable to The Stock Exchange, and a fee to Close Brothers Limited, are estimated to amount to £675,000 (exclusive of value added to xi and will be borne by the Company. Close Brothers Limited will pay commissions to underwriters of 1½ per cent, on the minimum tender price, a fee to the brokers, stamp duty on the transfer of shares offered hereby which are in negistered formand issown legal expenses. The costs and expenses of and incidental to this Offer for Sale, including the cost

in connection with the sale and subscription agreement the vendor institutions have indicated their intention not to dispose of any further shares in the Company until after the Publication Date; Close Brothers Lumited will pay a fee to The Foreign and Colonial Investment Trust PLC for a stand-by underwriting

The following contracts, not being contracts entered into in the ordinary course business, have been entered into by the Company and its subsidiaries within the years numericately preceding the date of this Offer for Sale and are, or may be,

(i) agreement dated 12th March, 1982 between (1) NEB (3) Holdings and (3) the Directors of Holdings named therein whereby it was agreed that NEB would serve transfer notices in respect of the shares held by it in Holdings, Group and VTS with a view to the sele of such shares for a total consideration of £3,445,000;

(ii) Offers dated 25th June, 1982 by Close Brothers Limited on behalf of the Company for all the issued shares in Holdings other than those beld by NEB;

(iii) agreement dated 29th July. 1982 between (1) Suching Shell Persioenfonds and the other institutional state builders in Group named therein and (3) Roldings whereby the such state products agreed to exchange their states in Group in consideration of the issue to them of a total of 227,050 new Ordinary Shares of 10p each in Holdings,

(iv) agreement dated 28th July, 1982 between (1) the Directors of the Company and Holdings (3) the Company and Holdings and (3) Close Brothers Limited whereby it was agreed that Close Brothers Limited would on behalf of the Company and Holdings offer for subscription by means of a private placing 102,000 new Ordinary Shares of 10p each in the Company at \$12.75 per share and 336,600 new Ordinary Shares of 10p each in Holdings at \$11.50 per share.

(v) agreement dated 13th April, 1983 between (1) Planning Research Corporation International (2) PRC (3) PRC Public Management Services Inc. (4) Planning Research Corporation (Australia) Pty. Limited (3) Logice Pty. Limited and (6) the Chingany and Holdings whereby Logice Pty. Limited acquired all the issued share capital of Planning Research Corporation (Australia) Pty. Limited for US\$190,000;

(vi) agreement dated 17th October, 1933 between (1) Stichting Shell Pensioenfonds and the other ustranomal starreholders in Hickings named theremand (3) the Company whereby the said shareholders in Hickings agreed to exchange their shares in Holdings in consideration of the issue to them of a total of 11,813,913 new Ordinary Starres of 10p each in the Company;

(vii) agreement dated 20th October, 1983 between (1) Firlip Arthur Scoley Hughes for himself and as attorney for the pairs: is naticed therein as vendors (2) the Directors of the Company (3) the Company and (4) Clase Brothers Limited, being the sale and subscription agreement referred to in paragraph 5 above.

(i) The Directors have been advised that, following completion of this Offer for Sale, the Company is unlikely to remain a close company within the meaning of the. ome and Corporation Taxes Act 1970.

(ii) Appropriate clearances under Section 464 of the Income and Corporation Taxes Act 1970 and Section 83 of the Capital Causs Tax Act 1972 have been chained in respect of the capital reorganisation immediately preceding this Offer for Sale and the capital reorganisation in 1982.

(iii) Under the sale and subscription agreement referred to in paragraph 5 above the Directors have given certain indemnities in respect of apparent labilities of the

8. General

(i) There has been no material adverse change in the Emancial position of the Company and as subsidiaries since 30th June, 1963, the date in which the Company's latest audited financial statements were made up.

(ii) Neither the Company nor any of its subsidiaries is empaged in any latigation of material importance nor, so far as the Directors are aware, is any latigation or claim of material importance pending or three-lend against the Company or any

(ai) The minimum amount which in the opunch of the Direct profile Company must be raised by the assect the shares now being offered for sale is \$3.15 million which, in relation to the matters specified to proving this of Part I of the Pourth Schedule to the Companies Act 1948, is made up as fallows.
Q ml; (ai) mt; (bi) mt and (or) \$5.15 million.

The above amounts are to be provided exclusively out of the proceeds of issue of 4,344,807 new Crimery States new being offered for sale by tender and, having negard to the sale and subscription agreement referred to in paragraph Sabove, the receipt of such amount is assured.

(vi) Holdings was the promoter of the Company. The set proceeds from the issue of shares referred to in paragraph (up(b) above were, penting the respiration, deposited in a bank account of Holdings. The halance on such account (after payments made on behalf of the Company) and all interest credited thereto have been repaid by Holding to the Company. Suined thereto, have been repaid by Holding to the Company. Suined thereto have been repaid by Holding to the Company Suined thereto a minute size benefits have been paid or sizes to Holding's within the two years immediately preceding the dam of this Prospectus or are criented to be paid or given.

(v) The historical and current cost information set out in Appendix I constitutes alonged accommings defined in Section 11(3) of the Companies Act 19(1). The historical cost information death with the five accounting periods and the current cost information death with the two accounting periods. 2015 Line. 1933 Full sections is that date, on which the relevant auditors made unqualified reports within the meaning of Section 43 of the Companies Act 1930, and which fromed the basis of the Spacical information set out in Appendix I, have been delivered to the Registrar of Companies.

(vi) The amount payable on application on each share is the amount tendered per stare by the relevant applicant, being not less than the minimum tender orice. The net proceeds of the subscription of 4,244,807 new Ordinary Shares of the Company by Close Brothers Limited pursuant to the sale and subscription agreement are estimated at 55,15 million on the basis of the minimum tender price after deduction of the expenses of this Offer for Sale which are to be borne by the Company. For each 5p by which the striking price exceeds the minimum tender price, the Company will receive a further \$212,240 in respect of such shares.

(vii) The preliminary expenses of the Company amounted to approximately \$250 (exclusive of VAT) and were paid by the Company.

9. Consents and Requestration of Documents

9. Consents and Registration of Documents
(i) Robson Rhodes and Price Waterhouse have given and have not withdrawn their wirthen consents to the issue of this Prinspectus with the inclusion barant of their Accountains' Report and to the references thereto and to their names in their and content in which they are included.

(ii) The documents strached to the copies of this Prospectizedelivered to the Registrator Companies for registration were the above-mentioned consents, the statement of Robson Rhodes and Price Waterhouse setting out the adjustments made in arriving at the figurest contained in their report (as set out between) and giving the responsible their copies of the application forms and copies of the material contracts referred to in paragraph 6 above.

10. Documents Available for Inspection

The following documents or copies thereof may be inspected at the offices of Culturd-Turner, Blackfrara House, New Bridge Street, London EC4V 6BY during usual business hours on any weekeldey, Samradays and public holidays excepted; fo period of fourteen days following the date of this Prospectus:

(i) the Memorandum and Articles of Association of the Company. (ii) the audited consolidated accounts of the Company for the year ended 3 1983 and of Loguza Holdings Limited for the year ended 30th June, 1982. (iii) the Accountains' Report set out in Appendix I and the statement of edjustic relating thereto;

(iv) the material contracts referred to in paragraph Sabove;
(v) the written consents referred to in paragraph 5(1) above.

Cated 20th October, 1983

88.948 100.210 514.045 334,034

Procedure for Application

No peason receiving a copy of this Oller for Sale and/or an Application Forming any territory other than the United Knoptom may treat the same asconstituting an invotation to him, nor should be in any event use such Application Form; unless in the relevant territory such an invitation could lawfully be made to him or such de the Unit

in the relevant territory such an invitation could lawfully be made to be form could lawfully be used without compliance with any registratio legal requirements. It is the responsibility of any peason outside the Likingdom wishing to make an application hereunder to satisfy himself observance of the laws of the relevant territory in connection therew including obtaining any governmental or other consents which may be or observing any other formalities needing to be observed in such tea. Norwithstanding these respectives, employees of Logica in various or countines (excluding the United States of America) will be perimited shares on the special pink application form referred to below, but in a may the simployees distribute or cause to be distributed copies of the Prospectus or such application form in such countries or elsewhere.

Applications, which must be made on the accompanying Application Form (photocopies will not be accepted), must be for a minimum of 100 shares and thereafter for the following multiples of shares:

Applications for not more than 1,000 shares; in multiples of 100 shares; Applications for over 1,000 shares, and not more than 10,000 shares; in multiples of 500 shares; Applications for over 10,000 shares and not more than 25,000 shares in Applications for over 25,000 shares and not more than 100,000 shares in multiples of 5,000 shares: for over 100,000 shares in multiples of 10,000 shares.

Applications must be made at the minimum tender price or at any higher price per share which is a whole multiple of Sp.

An application for any other number of shares will be rejected.

Applications must be ladged with National Westminster Bank PLC, New Issues Department, 2 Princes Street, London EC2P 38D not later than 10 a.m. on Thursday, 27th October, 1983.

5. Each application must be accompanied by a separate charge or banker's draft drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Island's Dank which is either a member of the London or Scotlish Clearing Flouses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of

those Clearing Flouses (and must bear the appropriate sorting code number in the top right hand corner) made payable to "National Westminster Bank PLC" and crossed "Not Negotiable", representing payment in full at the price at which application is made. An application will not be considered unless these conditions are highlight. Close prothers Laimited reserves the right to instruct National Westminster Bank PLC to present all cheques for payment on receipt and to retain Letters of Acceptance and surphits application moneys particing clearance of successful applicants' cheques. Due conspliction and delivery of an Application Form accompassed by acheque will constitute a wirmarty that the cheque will be borouned on first presentation; arterior is drawn at the declaration in the Application Form to that effect. The right is unserved to seject any application in which is part regardless of the price structured multiples and suspected multiple applications at any one price are indicated in subject and suspected multiple applications.

The second secon

Subject as sinessed and as marrianted below, applications will be eccepted on the following basis:

(a) all shares for which applications are wholly or partly accepted will be eccepted on at the same price (the staking price), which will be not less than the infunition basis price of 1400 per state. The stating price without necessarily be the highest price at which sufficient applications (including applications at highest prices) are necessed to cover the total number of states of and under the Offer for Sele. In deciding the studing price and the beast of allocation, Chee Brothern Limited will have regard to the need to escable a member in the states, for which purpose a reasonable number of shareholders an equired:

(b) applications for shares at prices less than the additional contents.

(b) applications for shares at prices less than the striking price will receive no allocation of shares.

(c) if applications are received for less than the total number of sharesoffer the ambing price will be the minimum tender price of 149c per share;

(d) the striking price and the basis of allocation will be autounced as soon as possible after 27th October, 1983. possible after 27th October, 1983.

Preferential consideration will be given in applications assessive disconstruction in applications are supplied to the consideration will be given in applications agreed to self-singular employees of Logic 6 (6ths) than peanons who have agreed to self-singular consideration for the self-singular parameters of the self-singular parameters of the self-

ter Bank PLC in a separate account.

by Namonal Westmissian some Pictural aspensions and the second house than the number applied for, or is made at a price higher than the striking price, the application money or the balance thereof, as the case may be, will be return by cheque through the post. It is expected that renormous big Letters of Acceptance will be posted to successful applicants by Ind. November, 1963. Letters of Acceptance sent to employees of hogica in oversees countries will be resources big.

rangements have been made for the registration by the Company of the area now offered for sale, free of stamp duty, in the company of the ascus in whose favour Letters of Acceptance have been assumed to

accordance with the	minicipos consuled meter	m) are jodded jot tedransjic
not leter than 8th Dec Jamiary, 1984.	ember, 1983 Share certifica	tes will be issued on bith
January, 1801.	eques sent by post will be s	and no show delay of the company
estitled thereic.		
Copies of this Offer for London from:	r Stile, each withen Applica	ion Form, are estilible in
Close Brothers	Hoare Govett	National Westminster
Limited.	Limited.	BenicPEC.
36 Great St. Fieldris.	Haroz House	New Issues Department,
London EXRAGAP	319/325 High Holborn, .	2.Princes Street
-	London WCIV 7PB.	London EC2P2BD.
Logica pic,	and	and
69 Newman Street.	27 Transgarction Street.	350 Regent Street
London WIA4SE.	London EC2N2AK	Lendon WIA-4RY
		owing branches of National
Westminster Bank PI	<b>C</b>	1 = 1
Rhusinchen:	Bristol	Cembridge
Colmone Centre,	32 Com Street	56.St. Andrew's Sevet.
103 Calmare Row.	- Bristol BSB 7UG.	Cambridge CB23DA.
Binningham BS 3NS,		
Circle	Edinburgh	Clascov
117St Mary Street	80 George Streat	. 14 Blytiswood Square.
CardiffCF1 1LG.	Edinburgh EH23EZ	Gasoow G24AQ
Leeds	Manchester .	Swindow
8 Park Row.	55 King Street	84 Commercial Road
Leeds IN ION	Manchester MEU 2DR.	Swindon SN 1 SNUL

راغ يا فيكونون في الراجيات المعادية والدي يد المعادي «

A 10 10 10

FOR OFFICE USE ONLY

2. Number of shares accepted.

I Acceptance number

3. Amount received

4. Amount payable

5 Amount returned

6. Cheque number

THE APPLICATION LIST FOR THE ORDINARY SHARES NOW OFFERED FOR SALE WILL OPEN AT 10.00 a.m. ON THURSDAY, 27th OCTOBER, 1983-AND MARCINE. CLOSED AT ANY TIME THEREAFTER.

This Form duly completed, must be induced with National Westminster Bank PLC, New Issues Department, PO Box 79, 2 Princes Street, London EC2P 2ED together wither cheque-or banker's draft representing payment in full at the application price so as to arrive not later from 10.00 a.m. on Transley, 27th Comber, 1883: Checosac and banker's drafts must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the late of Marr of a bank which is relified a member of the London or Scotlash Clearing Houses on which has arranged for its chaques and banker's the following the facilities provided for the members, of those Clearing Houses (and must been the appropriate scring code maniper in the top right hand corner) and must be made payable to Thetonal Westminster Bank. PLC and be crossed 'Not Negotiable'. A separate cheque or banker's draft must accompany each application. No application will be considered unless these conditions are fulfilled. Photostat copies of application forms will not be accepted.

Applicants are advised to use first class post and to allow at least two days for delivery.

### **Application Form**

Logica plc (Incorporated in England under the Companies Acts 1948 to 1981 with Registered No. 1631639).

Offer for Sale by Tender by Close Brothers Limited

of 10.400,000 Ordinary Shares of 10p each at a minimum tender price of 140p per share, the price tendered being payable in full or application

Number of shares for which application is made w Price per stare at which application is made \*\* a

\*Applications must be fir a minimum of 100 shares, applications for not more than 1,000 shares must be in multiples of 100 shares for over 1,000 shares and not more than 10,000 shares in multiples of 500 shares. For over 10,000 shares in multiples of 500 shares for over 10,000 shares and not more than 25,000 shares in multiples of 5,000 shares and not more than 100,000 shares in multiples of 5,000 shares and forover 100,000 shares in multiples of 10,000 shares. \*\*The price per share at which application is made must be indicated here and must be 140p or a higher price being a whole multiple of 5p. To: CLOSE BROTHERS LIMITED

The GLOSE PROTTRESS LEMETED

I'We enclose a starting cheque or banker's draft payable to National Westminster Bank PLC in the above
mentioned sum being the amount payable in full on application for the above stated number of Ordinary
Shares of 10p each in Logics pic (the "Company") at the price per share straight which this application is passed and.

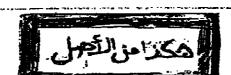
I'we hereby offer to purchase that number of shares and agree to accept the same or any smaller number of
shares in respect of which this application may be accepted at the striking price, all appoints the terms of the
Prospectus dated 20th October, 1933 and subject to the Memoraschim and Articles of Association of the
Company. Whe hereby request and eathorse you to send metrics a fully paid resummeable Letter of
Acceptance in respect of the shares for which this application is accepted and/or a cheque for any moneys,
returnable, in each case by post at my/our risk to the address first given below and to procure mylour name(s)
to be placed on the Register of Members of the Company as holder(s) of the said shares, so its restring here not
been effectively renormized.

In consideration of your screeing to accept applications upon the terms and subject to the conditions of the said Prospectus for an appregate number of 10,400,000 Ordinary States of 10p each in the Company, the hereby agree that this application shall be invested the until 5th November, 1983 and that this paragraph that constitute a collateral contract between merica and you which shall be come bringing upon despetch by mail or delivery of this application form to National Westminster Bank PLC duly completed.

I/We understand that the due completion and delivery of this application form, accompanied by a cheque, constitutes a statument that the chaque will be honoured on first presentation. I/We haveby acknowledge that renounceable leasest of Acceptance and chaques for any moneyeastemable are liable to be held pending distrance of applicants' chaques.

	D	ated	1983	1 Signa	pns	<del></del>	······································	·.	
PLEASE USE BLOCK CAPITALS									Forename(s) (in full) Sumame and designation (Mr., Mrs., Miss or Trife) Address (in full)
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PLEASE PIN YOUR CHEQUE HERE	2.	Signature	-	· .		:. - S.	memeand C. Mrs. Mi	ksignet sr or Titl	ion
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If this furn is sugged under a Power of Acousty, such Power of Attorney or a duly cardiad copy thereof must occu my this ferm. No receipt will be assed for the payment on epplication, but an acknowledgement will be asweded through the post in the course by means of a fully post Leber of Acceptance for all or part of the shares applied for and or a cheque for any moneys returnable, in each case at the rais; of the



# Highland Distilleries £1.3m ahead

Lex comments on the market in the U.S. in the light of the latest money supply figures and then goes on to examine the full-year figures from Telerate. Income for the year rose from \$11m to \$21m. On that basis Lex considers what price

Reuters could command. Tate & Lyle finally gets shot of its

disastrous involvement in Canadian sweeteners at a below the

FURTHER good progress by its Famous Grouse brand enabled the Highland Distilleries Company to push its pre-tax profits up by £1.32m to £7.05m for the 12 months ended August 31 1002

The second six months were better than expected. At mid-year the directors anticipated figures not materially different from the £2.98m reported for the second half of 1981-82. In the event however they rose

Earnings for the year under review advanced by 0.5p to 8.6p per 20p share and an increased final dividend of 2.23p (1.98p) lifts the net total from 2.86p to

A near-6 per cent increase in home prices in February and a 7 per cent increase in export prices helped push profits higher. Mr John MacPhail, group chairman, said in a statement following the results that present market conditions made it diffi-cult "but the group would be trying for a 'modest' increase in home prices in the New Year." Volume sales of the Famous Grouse in the UK were ahead of last year. Against an in-dustry decline of 4 per cent the

Rights issue results

Two recent rights issues met with favourable responses from shareholders. That of CH Indus-

per cent of the 457m shares offered. The remaining shares were sold in the market at a premium.

There was an even warmer reaction to Inter-City Investment

Group's one-for-two rights issue, with 98.5 per cent of the 92m shares being taken up. The rest were sold in the market at a net premium of 20p per share.

A sharp recovery in pre-tax profits from £801,000 to £2.95m has been shown by K Shoes for the six months to July 30 1983.

Turnover of this footwear manufacturer, which is a subsidiary of C and J Clark, expanded from

There was a charge of £1.5m this time for tax. compared with a previous credit of £53,000.

Bishopsgate Trust int. 12
Border & Southern ... 1.85
Highland Dist. ... 2.23
Lowland Investment ... 3.65
Narborough Plants. ... 1.78
Reed Executive ... Int. 0.1
Riverview Rbr. 3rd int. 885

**DIVIDENDS ANNOUNCED** 

payment payment

Date

K Shoes

£32.87m to £37.16m.

line cost of £1½m. On a cheerier note J. Bibby has squeezed itself out of edible oils by selling its crushing subsidiary for £14m-quite an impressive sum given its recent earnings

HIGHLIGHTS

position in the Scottish market associates, and sales in England were Tax ahead by 18 per cent. Exports also continued to show good growth and rose by over 20 per cent compared with

Group turnover expanded by £5.13m to £84.93m. Cost of sales rose to £77.22m (£72.79m) and other operating charges accounted for £1.28m (£1.09m). Pre-tax profits were struck after adding interest income of £780,000 (£538,000) and deducting much lower interest charges of £159,000, against £838,000 previously—last year's profits

brand maintained its premier also included a £12,000 share of

Tax charge more that doubled to £1.74m (£753,000). The directors say that while sales of mature were fully maintained those for new whisky continued to be affected by the surplus stock position prevail-ing in the industry and were lower than those of the previous year. They add however that the

group's bottled single mait whiskies are showing "encourag-ing progress." It is planned to resume production at the Bunnahabhain distillery for a limited period cent. At 90p, up 4p, the shares are yielding a touch over 5 per cent.

Allowing for current cost adjustments pre-tax profits for 1982-83 rose from £2.89m to

comment

Highland still only has about 5 per cent of the whisky market in England. With the company's market share in Scotland now at a probable ceiling around 25 per cent, a growing taste among the Sassenachs for the Famous Grouse brand looks like the major source of growth for Highland and the latest figures suggest how supportive this might be. Other growth areas include a number of European markets where Highland has positioned itself well alongside favourable consumer trends: whisky sales in France, in particular, are growing at about 16 per cent annually. The com-pany has some grounds for con-fidence that its brand leadership and premium pricing strategy should shield it from the reper-cussions of Johanie Walker Red's introduction next month and it has lifted the dividend by 12 per

# Westminster Country asset rise

April 30 1983, net asset value of Westminster and Country Properties had risen from 122n to 130p per share. The directors are of the opinion that the value of group properties, other than those in course of development, was £1.15m in excess of book

On the development side, an active programme is continuing and should yield satisfactory profits in the current and future years, says the chairman Mr D. B. Parkes.

The programme included office refurbishments in Bournemouth and Cheltenham, and a shop in Falmouth, which were sold to pension funds. These were in addition to the development and disposal of various industrial units at Bicester and Witney. Redevelopment of the office site in Slough, providing a net lettable area of 12,750 sq ft, has

Corre- Total

rear

div.

1.2 1.7

1.98 Dec. 19 2.9

Dec. 21 1.4 Dec. 5 0.1

Dec. 15 8

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Gross

... of London?

do them all

Philip Elliott

Knight Frank & Rutley

20 Hanover Square 01-629 8171

∃All the above?

throughout. ¶ Malaysian currency throughout and includes bonus of 3 sen (same). ∥ Includes bonus of 0.9p (0.6p).

As reported on September 24, the group's profit before tax for the year ended April 30 1983 rose 14 per cent to £709,000, with increasing rental income of £57,000 accounting for around half of this uplift Shareholders receive a dividend total of &p

Mr Parkes says an office property in Farnham and shops in Lymington and Newquay were let and retained. Leased industrial properties in Wisbech, November 11 at noon. The programme included office

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were sold, together with a vacant retail property at Waterlooville. The company has acquired the leasehold interest in St George's leasehold interest in St George's Court, Brompton Road, S.W., producing a commercial rental income of £82,000 annually. The directors believe this has considerable potential for the future. At September 23, Rowdown held 22.6 per cent of West-minster's capital and Westcott

Annual meeting, Basingstoke,

### **Dollands shop disposals**

DURING THE next few months, interests of both staff and share-Dollands Photographic Holdings holders is to withdraw from will be disposing of all its shops. retailing and to concentrate In the annual report the efforts in the new and more directors had advised that following an in-depth investigation of retailing activities it had been decided to close a number of Since that time losses have

continued, and there is no sign The home computer market into which the company entered has already been subject to leave to their purchase to the total purchase to the total purchase to the total purchase to the total purchase to the staff and negotiations are in prohas already been subject to large reductions in prices, and in the reductions in prices, and in the opinion of the directors a company of the size of Dollands proposals for changing the name Photographic is too small to of the company. compete in such a volatile

They have therefore decided pany, and is tradi-that the best course of action in accordance with budgets.

profitable areas into which the company have already moved. Every effort will be made to sell the shops as going concerns, and to safeguard as many jobs as possible. Agreement has already been reached to sell two of the shops to members of the

The Geoff Axtell Group has been integrated into the com-

### **Bishopsgate** Trust net assets up

At September 30, 1963 net asset value per 25p share of Bishops-gate Trust rose from 136.3p to 192.5p at par from 139.2p to 194.1p at market value. Earnings per share improved from 2p to 2.15p, while the net interim dividend is unchanged at 1.20—last rear's final was 2.3p.

Gross revenue increased to .09m, against £942,000. Expenses rose sharply from £150,000 to £315,000, but the tax charge was £29,000 lower at

### Friedland Doggart tender result

The share listing of the Friedland Doggart group, 505pended towards the end of last week pending the result of its tender offer of up to 924,807 (some 15 per cent) of its ordinary shares, has been

On-market tender offers have teen accepted in respect of 40,06; shares and off-market acceptances have been received in respect of 884,743 shares. This represents a corrected split of the op-market and off-market

the op-market and out-market tender offers.

The striking price was determined at 175p per share. All tenders below this were accepted in full at 175p. Tenders of shares at 175p have been scaled down pro rata to approxi-mately 785 per cent of the number of shares tendered.

### Lowland Investment

Net asset value per 25p share of Lowland Investment Company increased sharply from 122.9p to 189.1p in the year to September

Earnings per share were up from 5.26p to 6.14p and the final dividend is raised to 3.65p (2.9p) net for a total of 5.75p (4.5p) per share.

Gress income improved from £684,000 to £755,000. Interest payable decreased by £22,000 to £7,000. but administration expenses took £46,000 (£39,000) and tax £221,000 (£203,000).

### Newport Smelting

The joint receivers and managers of Newport Smelting Company have completed the sale of the assets of the company to Wantaear, also of Newport,

Newport Smelting processe and/or sells secondary alu-minium ingots and scrap metals. The receivers understand that it is the purchaser's intention that the business will continue to operate as a going concern. The receivers also recently completed the sale of the assets business of Newport Smelting's sister companies, Lyte Industries and the Eclipse Rail Track Ladder Company, which manufacture aluminium ladders

and wooden ladders. Those businesses have also continued

to operate as going concerns.

Lazard Development Capital Fund has attracted applications amounting to over £5m, and thus the subscription list has closed seven days ahead of the latest closing date of October 31.

# Manson in his report accompany- of the consortium involved-ing the 1982-83 accounts. Mr Hawley Group and British Car

suitable for construction of sheltered housing schemes and He points out that this will Earlief this mount and have the effect of building on the called on shareholders for bave the effect of building on the called on shareholders for have the effect of building on the called on shareholders for the called leisure orientated activities.

share.

Mr Taylor says the directors are currently planning diversifi-

### **BOARD MEETINGS**

# Reed Executive in profit and confident for year

in the first quarter. Reed Executive has stayed in profit for the half-year ended July 2 1983 and produced £134,000 pre-tax, compared with a loss of £752,000 in the corresponding period in 1982.

And Mr Alec Reed, chairman, says provisional management accounts show profits in excess of £400,000 for the third quarter. While he does not wish to fore-cast the final result, he expresses confidence that the last three months should produce further

The interim dividend is being held at 0.1p net per share. Mr Reed says a final will be con-sidered when the full year's results are to hand. The company has not paid a final for the ast three years. In 1982 the £\$03.000.

In the half year turnover rose from £16.45m to £17.05m and trading profit came out at £524.000, compared with a loss of 232,000, tompered with a lass of 2231,000. This was made up of employment and travel agencies £457,000 (loss £173,000) and self-service drug stores £67,000 (loss £58,000), less depreciation and amortisation £279,009 (£386,000) and interest paid £111,000 (£155,000).

Medicare drug stores traded at virtually break-even during the second quarter, while the follow-



ing period produced a small ing period produced a small profit on sales which, branch for branch, were 30 per cept up on the corresponding period for 1882. With the profitable Christians months still to come, Medicare should be able to report an overall profit for the year, says the chairman. There is no tax charge

extraordinary debit this half year, and earnings were 1.20p. There was an extraordinary debit

• comment : The purseculd at Book Enem-tive Selfers on neatly from Brook Street's reduced interim loses amounced but week, Reed's shares rose up to a high for the year of the on the news. The group has responded rather earlier to the medicate upture in the amountment market these in the simployment market then its rival because of its con-centration in the south-east. But centration in the south-east. But it has also disposed of a substantial questioned burden by reducing the number of its employment agencies by 40 percent to 80. Medicare has at less tured in a profit after immediate his profit of more than a decade and it may at long last he on the way to becoming an overdue incurance against the cyclical swings in the employment market. Road's attempt to merge travel agencies with employment offices has failed to stem the travel division's losses, so most of the agencies are being siem the travel silvision's losses, so most of the agencies are being sold for a book profit of sround £100,000. A seasonal upturn in Medicare sales in the current quarter plus an increase in the number of numited vacancies being officially reported could well see Reed marking £500,000 in the current year. That puts the abares on a p/e of 5.2, assuming a nil tax charge,

phillar where

### CAI chief executive 'induced'

A £20,000 payment was made to Mr Michael Doherty in July 1982 to induce him to join Cope Aliman International, it is revealed in the CAI accounts for the year ended July 2 1983. Mr Doberty was formerly the chief executive of Inchcape UK. He left that company to take up a similar position with CAL which has interests in packaging, leisure, engineering and fashlon. leisure, engineering and fashlon.

In the first quarter of the current year results for CAI have been "very encouraging."

This is stated by Mr L J.

Manson resigned from the chair-manship and from the board last week (October 17) in favour of Mr Michael Asheroft, whose Hawley Group owns 29,29 per cent of the CAI capital. Mr Manson says the first quarter is not a sufficiently repre-centative period on which to base firm predictions, but the figures "do give cause for optimism."

Mr Manson recalls that the
group's return to profits in the
second half of 1982-83 was overshadowed by the takeover battle for the company. Two members

holdings of 29.50 per cent and 10.56 per cent respectively in the CAI capital, while Altwoods (an associate of British Car Auctions) owns 3.06 per cent. Turnover for 1982-53 came to £187-22m (£182-27m for the pre-vious 53 weeks). The profit before tax was £2.28m (£1.05m) and the dividend £5p (£p). The second half profit beat the foretast. This year not cost of extra-ordinary items was £3.7m malnly representing leases on closure and disposel of three businesses, with the major item being £3.9m relating to Nutt and Muddle,

The group's other interests include steel re-rolling, the manufacture of engineering products and umbralls frames and insurance broking.

### Raine expects further progress

approaching the record levels of earlier years the directors of Raine Industries are looking to the future with "optimism." housebuilding sector, including the acquisition of sites which are Revealing this in his annual

statement accompanying the accounts for 1982/83 Mr Michael Taylor, the chairman, says that the first three months of the current year have been encourag-ing and that he would be disappointed if another sound year's procress was not achieved.

He adds that compared with this time last year the outlook for business and for future opportunity appears very much

Lazard Brothers and Company, and the Development Capital Group have announced that the offer of participation in the Lazard Development Capital Fund has been considered by the company of the group much improved returns on asserting the capital ca During 1982/83 net assets increased by over 11 per cent to 55.59m, equal to 31p per 10p

improved return by widening approximately 1788,900 net via the overall operations of the househuilding sector—as order to take advantage of reported on October 3 group pretax profits for 1982/83 rose to 1724,000 (£276,000) with record held at Sheffield on November turnover and profits being 29 at noon,

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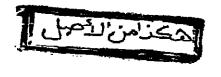
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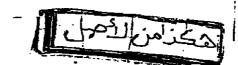
names equally notable in their fields include Weatherseal Windows. pioneers and innovators in domestic double glazing: <u>Blackwell/Tractor</u> <u>Shovels</u>, operators of Britain's biggest and most modern specialist heavy earthmoving fleet; Pauling, established in

overseas civil engineering for over 100 years. Steel Stockholders of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe, and now, United Medical Enterprises, a major force in world healthcare services. Send for the latest Report and

Accounts to find out more about London and Northern, a Group with £226m turnover in 1982, which has increased or maintained its dividend for eighteen years—every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3JD. Telephone: 01-836 9261.



trosia



### **BIDS AND DEALS**

### Abdullah brothers on **Hawkins** board

MR RASCHID ABDULLAH and his brother Osman have joined the board of Hawkins and Tipson, loss-making Sussex rope-maker, as chairman and director

respectively.
This follows the successful takeover of Hawkins by Evered. takeover of Hawkins by Evered, Midlands-based group specialising in non-ferrous strip for the electronics and communications industries, which was taken over by the Abdullah brothers in April 1981.

Mr Alan Barrett, who was chairman of Hawkins before the 13.8m takeover, has resigned along with fellow director Mr B. Dean.

The Abdullah brothers, raised

Dean.

The Abdullah brothers, raised in the Midlands, have built up Evered as the core of a diversified industrial holding company. Their offer for Hawkins became unconditional a week ago when they declared they controlled 512 per cent of the company's shares.

### Sanderson Vere

Sanderson Vere Crane has arranged with County Bank equity linked loan facilities of film over a five-year period to finance further expansion. The company specialises in editing television commercials.
Turaover has grown from £130,000 in 1978 to £1.7m this

year.

Clients loclude leading advertising agencies, all commercial television stations, as well as film production companies and other diverse bodies such as the British Film Institute and the Football Association.

The money will help SVC to update existing facilities as well as build two new edit suites at Wardour Street offices

### Argyll Foods

Under the terms of the merger of Argylf Foods and Amalgamated Distilled Products, holders of 1,457,161 warrants to holders of 1,457,161 warrants to subscribe for ordinary shares of Argyll have elected to receive ordinary shares of Argyll Group in exchange for their Argyll Foods warrants, on the basis of one Argyll Group ordinary share for every three Argyll Foods warrants.

The remaining holders of ther progre

warrants.

The remaining holders of Argyll Foods warrants, other than Argyll Group, will receive one warrant to subscribe for Argyll Group ordinary shares for each Argyll Foods warrant.

As a consequence, after implementation of the merger, there will be 7,102,028 warrants to subscribe for ordinary shares. to subscribe for ordinary shares
of 25p of Argyll Group in issue.
It is anticipated that the
merger will be implemented on November 11 and that dealings in the ordinary shares and warants of Argyll Group will

## Juliana's buys Raffles nightclub for £290,000

Juliana's Holdings, the group which owns 120 discotheques and nightclubs worldwide, has acquired the exclusive Loodon nightclub Raffles for £290,000.

Mr Oliver Vanghan, Juliana's chairman, said yesterday that

After reopening the nightclub, which is set in London's fashionable Kings Road, will no longer serve dinners. Instead, it will specialise in traditional English breakfasts which will not normally be served until after mid-

mr Oliver Vanghan, Juliana's chairman, said yesterday that Raffles would be the disco group's "flagship" mightclub. After closure for renovation, Almost all of the group's discotheques are based in hotels, and this will be its first independently run nightclub.

He said that Raffles would continue to use its own namebecause it is so well-known—but would not rule out the possibility of establishing a new London club in due course which would carry the name Juliana's.

of the site, with a further rad, out for memberships and goodwill, and £10,000 for fixtures and fittings.

After closure for renovation.

After closure for renovation.

After closure for renovation.

Explaining the reason for buying the club, Mr Vaughan said clubs worldwide had constantly drawing room/cum library.

Juliana's expects to spend that members of Juliana's was in London. In future, these members will get automatic members will and club.

Current memberships and goodwill, and £10,000 for fixtures and fit-night.

Explaining the reason for buying the club, Mr Vaughan said thight.

Explaining the club, Mr Vau

### Williams in talks with Garford

Williams Heldings, the Monmouth-based die-caster, founder
and Engineering Group.

williams revealed in August
holding merger talks with
Garford-Lilley Industries, the
exception of Ley's were trading
made to the Stock Exchange engineering, plastics and wood-working group.

Directors of Garford-Lilley, along with the Gould family which owns a large stake in the company, said yesterday that subject to the satisfactory resolution of talks, they intended to accept the offer to be made from

Williams, which has been making losses since 1980, emerged late last year as the bidder for the loss-making

and Engineering Group.

Williams revealed in August that all operations with the exception of Ley's were trading at their highest levels for three years and predicted a return to profits during the second half of its trading year. First-half losses to June 30 1983 amounted to £293,000—up from £199,000 a year-earlier—on a turnover up from £1.55m to £11.04m.

Garford-Lilley earned a pre-tax

Garford-Lilley earned a pre-tax profit in the year to March 31 this year of £300,000 on a turn-over of £6.25m. The Gould family, together with other directors of the company, are understood to

Neither company would expand yesterday on the announcement made to the Stock Exchange, except to say that if talks proceeded smoothly, a deal could be completed by later this week. The net asset value of Garford, according to figures in the most recent report and accounts, amounts to 41.9p a share—or £2.77m.

On the stock market, Garford's shares leapt 16p to end the day at 54p. At this level, its market valuation is more than £3.5m. William's shares remained

### Crosby House

Crosby House Group has received acceptances in respect of 1,235,162 ordinary shares (including those which are to be issued upon conversion of the convertible unsecured loan stock) in Rightwise. This represents 43.4 per cent of the ordinary shares to be in issue following conversion of the loan stock.

Prior to the announcement of the offer, the Crosley House Group owned 1,154,719 ordinary and £30,000 nominal of convertible unsecured loan stock of Rightwise.

Crosby House has not acquired and has not, except pursuant to the offer, agreed to acquire, any such securities since that date.

Following conversion of the Rightwise loan stock it will own or will have agreed to acquire 2.415.967 ordinary (84.8 per cent of the ordinary shares then in

The offer is now unconditional is to acceptances and will

Laurence, Prust & Co., Basildon House,

NOTICE OF REDEMPTION

To the Holders of HILL SAMUEL GROUP PLC (formerly Hill Samuel Group Limited) 81/2 % Bonds due 1986, Due November 15, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 15, 1971 providing for the above Bonds \$955,000 principal amount of said Bonds have been selected for redemption on November 15, 1983, through operation of the mandatory Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, as follows:

OUTSTANDING BONDS OF \$1,000 EACH BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGHTS:

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On November 15, 1983, the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, Paris and following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, Paris and Curich; Hill Samuel & Co. Limited in London; Credito Rousgnolo Sp.A. in Milan and Rome; Algemene Bank Nederland N.V. in Amsterdam; and Kredietbank S.A. Luxembourgooise in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

ity. Coupons due November 15, 1983 should be detached and collected in the usual manner. On and after November 15, 1983 interest shall cease to accrue on the Bonds herein designated for

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Issue of up to £1,565,050 nominal of 132 per cent. cured Loan Stock 1987/9

This advertisement appears in connection with the issue of up to

£1,565,050 nominal of 132 per cent. Unsecured Loan Stock

1987/90 ("New Loan Stock") pursuant to offers and a proposal by Crosby House Group pic in respect of all shares and convertib unsecured loan stock of Rightwise plc not owned by Crosby House Group plc and its subsidiaries. The New Loan Stock has been

Particulars relating to the New Loan Stock are available in the Extel Statistical Services and may be obtained during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 18th November, 1983 from:

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tted to the Official List by the Council of The Stock

Albert Fisher Group

Shareholders in Albert Fisher Group have approved the acquisition of F. J. Need (Crewe) together with related share placing arrangements, at an extraplacing arrangements, at an extra-ordinary meeting.
Accordingly, completion of the acquisition has taken place. The 1.340,642 ordinary shares issued with the acquisition have been admitted to the Stock Exchange

remain open for acceptance until Zeus is a specialist in the Ryeside made net profits before further notice. The loan stock provision of security guards and tax of £36,000. Net tangible assets alternative made available under patrols and will continue to at that date stood at £256,000.

the terms of the offer will close at 3 pm on November 4 1983.

admitted to the Stock Exchange official list.

The directors' holdings of Albert Fisher ordinary shares are now as follows: Mr A. B. Millar 1,875,288 shares, Mr P. C. Colling 70,738 shares, Mr D. G. Pearce 310,464 shares, and Mr G. A. Whittaker 20,119 shares.

### Pritchard Security

Pritchard Security Services, of Redbill, has acquired Zeus Security, of central London, which has an annual turnover of

trade under its old name, and existing operations management will remain in office. PSS is a member of the international Pritchard Services Group and is one of the fastest-Group and is one of the fastestgrowing security concerns in
Britain. The company operates
from 23 branches and provides
a complete range of security
services, from uniformed guards
and night patrols to cash-intransit and wage packeting.
The move will strengthen
PSS's coverage in the London
area, which until now has been
handled from its Wandsworth

handled from its Wandsworth

### Martin-Black

Martin-Black has exchanged contracts for its purchase of Ryeside Constructional Company for £240,000.

Ryeside is engaged in constructional engineering, in particular the supply of structural steel work for utility buildings and operates from Dalry, Ayre-

### SHARE STAKES

British Dredging—RMC Group has acquired a further 200,000 has purchased a further 25,000 ordinary which brings total holdordinary shares, bringing its ing to 1,385,000 shares (10 per total holding to 4,211,600 (24.42 cent).

Per cent).

Rock—Mr Michael Hartland
R. Martin-Jones and Mr D. P.
and companies in which he holds
a controlling interest have ment of certain settled funds to acquired a further 50,000 beneficiaries, no longer have a ordinary shares. The aggregate notifiable interest.

acquired a further 50,000 ordinary shares. The aggregate holding is now 885,000 ordinary shares (5.396 per cent). Stenkouse Holdings — Two directors, Wm Wilson and J. B. Devine, have notified that Reed Stenhouse Voluntary Equity Scheme, in which they are trustees, purchased 30,000 shares at 980 per share. This increases the Scheme's interest (and Messrs Wilson and Devine's interests as trustees) to 1,977,204 (5.2 per cent).

(5.2 per cent).

Noble and Lund—Selective has acquired a further 50,000 shares bringing holding to 370,000 ordinary stock units (6.48 per cent).

Myson—London Trust on September 16 1983, sold 2m ordinary shares, thereby reducing its holding to 4,293,014 (8.4 per cent).

Myson—London Trust on September 16 1983, sold 2m ordinary shares, thereby reducing its holding to 4,293,014 (8.4 per cent).

ing its holding to 4,293,014 (8.4 — Michael Hartland and Flaancial Service Companies in which cal Service Companies in which be holds controlling interests. Life Assurance Association has an interest in 235,000 ordinary shares (5.26 per cent).

Feedex Agricultural Industries — Usborne and Son (London)

HILL SAMUEL GROUP PLC

OF NEW YORK, Trustee

By: Morgan Guaranty Trust Company

Whatman Reeve Angel-Miss

Energy Services and Electronics—E. G. Rollason, director, has bought 50,000 shares. Widney -- P. B. Cheston, director, has sold 40,000 ordinary

shares. Associated Paper Industries— Prudential Corpn. has become interested in 895,979 ordinary shares (4.9 per cent).

Glen Abbey—John J. Teeling has acquired 175,000 ordinary shares, making his total holding

Continental Microwave

At the end of June 1983 the order book of Continental Microwave (Holdings) was strong at £4.6m and this has further increased during the first quarter of the current year to £8m as a result of orders for new products, Mr Drew Lence, the chairman, says in his annual statement.

During the current year the

Statement.

During the current year the chairman expects a more even pattern of deliveries to customers than in previous years. However, it is still likely that the second half will again have a greater proportion of sales and therefore the interim figures will not be a proper indication of the full year's

results. As reported September 2, pre-tax profits of this USM company rose by 23 per cent to £407,122 (£331,413) for the year to June 30 1983, first-half profits had dropped from £141,664 to £41,947. Turnover for the 12 months was £1.16m higher at £3.81m. months £3.81m.

t3.51m.
The company, which is based in Luton, makes telecommunication, broadcast and defence electronics and microwave equipment. Last week, it asked shareholders for over film by way of a one-for-six rights issue at 850p per share.

The proceeds are to be used to repay a secured loan, provide working capital for expansion and to finance the acquisition.

There's a lot of good old Swiss philosophy in "Swiss Polyester Grilene": and to finance the acquisition of a 62 per cent interest in RF Technology of Conneticut, U.S.

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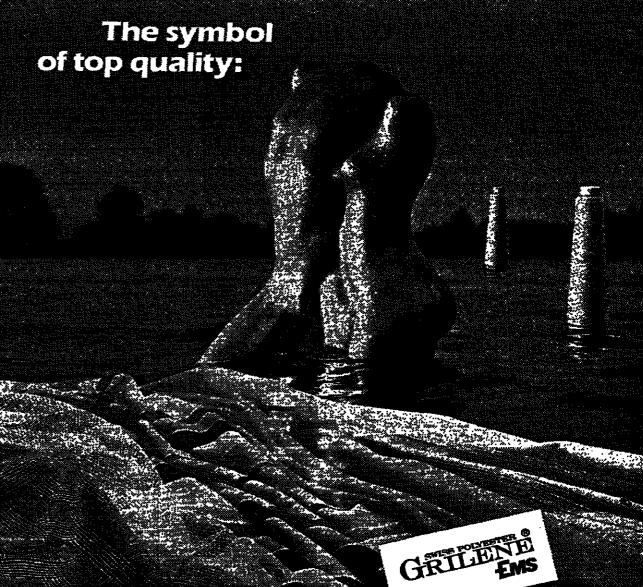
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Dated: October 13, 1983

### granted five year extension

THE EXEMPTION from all taxes, fees and other charges to both national and state govern-Mining and Industrial Corpora-tion recently has been extended for a further five years.

Philippines, owes a total of around Pesos 10.5bn (£500m), mostly to the state-owned Development Bank of the Philippines and the Philippine National Bank, reports Leo Gonzaga in Manila.

President Ferdinand Marcos decided last year that the Government should assume the cost of the company's foreign debt, and this was followed later by the release from all official

The extension of this exemption until December 31 1988 came by presidential decree.

A five-member syndicate agreed last week to lend Marinduque Pesos 800m over eight years, with a five-year grace period. The syndicate is led by the local branch of Citibank of

The loan will be used to repay some of the comapny's short-term debts, which are now fall-ing due, and thus ease the burden of debt service, estimated at Pesos 1.5bn a year.

Marinduque recently commis-sioned a second coal-fired boiler at its nickel plant in Nonoc, in the southern Philippines, marking the last phase of a two-year programme to convert from oil to coal. This project is designed to cut fuel costs by some Pesos

With the assistance of all these sures, Marinduque is now expected to break even at the operating level either next year

tions at the new No 10 shaft.

This could extend the opera-tion's life appreciably.

# Marinduque Phelps back in red as strike falters | New chairman for

BY KENNETH MARSTON, MINING EDITOR

produce a small net profit of by continuing negotiations. \$300,000 (£199,700) in the second In the third quarter of quarter of this year. America's major copper-producing Phelps Dodge fell back into the red in the third quarter as a result of a labour dispute and lower copper prices. But all previously strike his averages. strike-hit operations are working

Strikes at the Arizona copper Marinduque, which produces mines and the El Paso copper nickel, copper and cement in the refinery in Texas began at the beginning of July and, technic-ally, still continue. The dispute concerns the company's decision to seek a three-year wage freeze to seek a three-year wage incese for workers earning an average \$26,000 a year and wage cuts of between 10 per cent and 15 per cent for new employees.

Violent scenes were reported in August as non-union labour crossed picket lines. Operations are now working normally as a result of many employees returning to work through picket lines copper output improved to and by the hiring of new staff. 59,600 short tons. It increased But it is an uneasy peace with to 73,400 tons in the second

In the third quarter of this

year Phelps made a loss of \$28.4m, equal to \$1.19 per share, leaving a loss of \$32m for the first nine months. This compared with a loss of \$64.5m in the same period of 1982 and a total loss for that year of \$74.3m after crediting \$28.8m from the sale of tax benefits.

Last year's troubles stemmed from the close-down of all the company's copper mines and smelters in April—apart from the Hidalgo smelter in New Mexico—as a result of the severe depression in copper prices.

A subsequent gradual reopening of the facilities began in October of 1982 and by early 1983 the company's total production rate was up to 75 per cent of normal.

Micanwhile, Phelps is pursuing its policy of reducing its dependence on copper by an asset restructuring programme. This includes the sale of various manufacturing facilities and cent of normal.

AFTER HAVING managed to the dispute still to be settled quarter only to fall back to will also be used to reduce produce a small net profit of by continuing negotiations.

64,500 tons in the third quarter indebtedness.

as a result of the strikes. The nine-month output total of 197,500 tons compares with sales of 190,200 toos, the latter falling to 61,100 tens in the third quarter as a result of seasonal Both production and sales are

expected to increase in the current quarter and there should be some reduction in unit costs. On this basis Phelps should be able to produce better results for the quarter but the snag, at the moment, is the decline in copper

includes the sale of various manufacturing facilities and diversification into a broader range of metal and minerals. Proceeds of the programme are expected to exceed \$100m and

Griffin Coal is to maintain its Il cen's (6.5p) per share final dividend on increased capital. The company, which mines most of the ecal used for power generation in Western Australia, made a one-for-three scrip issue in June, and said at the time that it expected to be able to main-tain the previous level of dividend payments.

The encouraging results fol-low the payment of a dividend totalling Z\$1.3m (£182.500) from Corsyn Consolidated Mines, the group's gold and copper mining company in Zimbabwe.

Corsyn made net profits of ZSI3m in the September quar-ter, down from ZSI-im in the three months to end-June, but showed a strong improvement over the fall year. Not profits for the 12 months totalled 256.52m, up from 25546.000 in

### Mixed results from Canadian groups

loss of CS17.7m (£9.8m) in the third quarter of the year. This compares with a net loss of CS3.7m in the second quarter, and gives the group a net deficit at the nine-month stage of CS40.4m, against a loss of CS34.2m at the same point of

The losses of the chemical and fertiliser businesses during the Lake area. latest three months increased to CS3.3m from CS2.8m in the corresponding period of 1982, but the mining and integrated metals division made operating profits of C8900,000, compared with a loss last year of C812.9m. Cominco's metal processing operations at Trail in British

The group, which returned to profit earlier this year, made net profits of C\$756,000 in the latest quarter, up from C\$165,000 a

Lake operation was 36,277 oz from a grade of 0.297 oz (9.2 closed in grammes) of gold per ton, com-

A POOR performance from the order to maintain stocks at pared with 28.119 oz at a grade 500 tons of ore per day to 700 chemical and fertiliser divisions reasonable levels. The group is of 0.25 oz last time.

Solution of the controlled by Canadian Pacific Dickenson's share of this was Meanwhile, the diversified

controlled by Canadian Pacific
Enterprises.

Another Canadian mining
group, Dickenson Mines, has
turned in an improved performance in the period to September 30. Nine-month net
profits were C\$2.08m, compared
with a loss at the same stage of
1982 of C\$1.6m. Dickenson produces gold from Ontario's Red
Lake area.

Dickenson's share of this was
23,610 oz, down from 24,658 oz
in the first nine months of last
year. The latest figures reflect
the fact that Dickenson owned
the whole of the Red Lake mine
until June 30 last year, at which
point it sold a 35 per cent
interest to Sullivan Resources.

Higher production contributed
to Dickenson's performance, and to Dickenson's performance, and also helped to lower unit costs to CS287 per ounce from CS333

quarter, up from CS165,000 a ln addition, the bullion price averaged CS495 over the first three quarters of this year, comthe current year from the Red pared with CS421 last year. The Red Lake mine has com-pleted an expansion programme

designed to raise capacity from

energy producer Denison Mines has continued to go from strength to strength this year. Profits for the first nine months of the year are CSTO.7m, a big jump from the C\$29.8m recorded

a year ago.

The group's interests include uranium, coal and oil and gas, with the biggest contribution to earnings coming this time from earnings coming this time from higher production of oil at the Casablanca oilfield offshore Spain, improved oil and gas revenues in Canada, lower interest charges and reduced losses on foreign exchange. Coal production from the big

Quintette project in British Columbia is expected to start on

### INTERNATIONAL ROUND UP

THE RECENT annual meeting The dissident shareholders of Witwatersrand Nigel, the small independent South African gold producer, decided to postpone consideration of moves to elect five new directors control a reported 11.5 per cent of the company's shares. to the board for six weeks to enable all shareholders to be

Columbia remained

Canada's Orofino Resources, in which Northgate Exploration holds 56 per cent, has taken an-other step towards the eventual development of a mine at its gold property near Horwood Lake in the Swayze district of north-western Ontario. The five proposed new directors, led by Mr Peter George, would like to see Wit Nigel borrow money to finance a resumption of sinking opera-

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others.

fits, would cost Orofino a total of CS840,000 (£467,000) plus 100,000 of the company's shares.

Mr John Kearney, Orofino's president, said that the Tionaga property is a potential source of supplementary ore for any mill established at the company's main property nearby. Recent drilling at the main

Lake in the Swayze district of north-western Ontario.

The company is acquiring the seven-claim Tionaga property in north and down-dip from the return for spending on exploration. Full ownership, subject to a 10 per cent royalty on net pro-

0.17 ounces (5.3 grammes) of gold per tonne. Malaysia's tin-producing Petal-

ing Tin has declared an interim dividend of 70 Malaysian cents (20p), less tax at 40 per cent. on account of the projected profit for the year to October 30. The company's earlier interim payment of 60 cents gross in February was intended as a special distribution in view of the proposed reconstruction which gave the Selangor stateowned Kumpulan Perangsang 30 per cent of the capital in

return for an extension of the mining leases, which were due to expire in 1985. This earlier payment was intended to be additional to the March next year. normal two dividends a year, but it is now stated that shareholders cannot expect any further distribution in respect of the

current year.

the past year, with copper out-put for the first nine months of the year rising to 140,411 tonnes from the 127,903 tonnes pro-duced in the corresponding

Gold production rose to 13,827 kilogrammes from 13,496 kg, and sliver output was 36,437 kg against 32,210 kg.

Bougainville is owned as to 53.6 per cent by CRA, in which RTZ has a stake of 52.9 per cent.

Recent drilling at the Pine Creek gold prospect of Enterprise Gold Mines and Renison Gold-fields Consolidated has lifted estimated reserves to 5.3m tonnes, at an average grade of 3.2 grammes of gold per tonne. This includes a probable 15m tonnes of oxidised are at an average of 2.1 grammes and 3.8m tonnes grading 3.6 grammes.

Mr Max Roberts, chairman of that a deficitive feasibility study at Pine Creek should be com-pleted by about the end of

Renison has searned a 49 per cent interest in the deposit through exploration spending.

\* \* \* \*

The Rio Tinto-Zinc group's
Bongainville Copper in Papua
New Guinea has begun to feel
the benefits of the increased processing capacity installed over

The increase was because the smelter, refinery and continuous rod casting plant were closed for almost the whole of March last year, with a consequent adverse effect on production of cathodes.

Sales were also higher at 97,329 tonnes, compared with 86,494 tonnes last time.

# Regalian Properties

appointed chairman of REGALIAN PROPERTIES in succession to Mr D. Goldstone who remains managing director and chief executive. Until May 1976 he was deputy chairman and chief executive of Barclays Merchant Bank. He is currently deputy chairman of A. P. Bank, a member of the Norwich Union Group.

Mr Alan G. Terry has been appointed managing director of BRC STAFFORD, the main subsidiary of the Hall Engineering group He was managing direc-tor of BRC Weldmesh (SEA). Singapore, a joint venture com-

On January 1 Mr John Cud-worth will join the board of REFUGE ASSURANCE as an executive director. Mr Cudworth will retain his position as invest-ment secretary, based in London.

SEVON HOLDINGS GROUP

SEVON HOLDINGS GROUP
has made changes involving the boards of the
holding company and subsidiary companies. Mr E. J.
Smith, formerly managing director of subsidiary Viking Packaging, is appointed deputy
managing director of SEVON
HOLDINGS, the group holding
company. Mr R. W. Edwards,
technical director of Viking
Packaging is made additionally
group technical director of rackaging is made additionally group technical director of SEVON HOLDINGS. Mr A. A. E. Smith. sales and marketing director, and Mr G. Wilson, com-

mercial director, are appointed additionally joint managing directors of subsidiary VIKING PACKAGING. Mr D. Gregson, formerly sales manager, is appointed to the board of subsidiary VIKING POLYPROPY-LENE as sales director.

Mr M. Victor Blank and Mr Merril H. Halpern have been appointed to the board of the CHARTERHOUSE GROUP. Mr Blank is a director and head of the corporate finance department of merchant bankers, Charter-house Japhet, and Mr Halpern is president of Charterbouse's New York development capital subsidiary. Charterbouse Group International Inc.

PIONEER CONCRETE (HOLDINGS), the UK operating subsidiary of the Australian based Pioneer Concrete Services. has appointed Mr Howard Werner divisional chief executive of Pioneer Asphalts (UK), based at Northampton.

Mr David Glasgow has been appointed managing director of ABBEY UNIT TRUST MAN-AGERS. He has been the director responsible for the company's expansion since 1979.

Dow Scandia Holdings has appointed Mr Martin T. Myers to the board of ARBUTHNOT PROPERTIES. Mr Myers is to direct Arbuthnot Properties' future development and investment programme.

McCORQUODALE has made the following appointments: Mr Chris R. Medler has been appointed managereroup strategy and acquisitions. Mr Norman D. Paget has been appointed commercial director and chief financial officer of McCorougdale Holdings Inc. U.S. Mr Dick J. Beese has been appointed com-

### CONTRACTS

### £3.5m order for Marconi

British Telecom has placed a state order with MARCONG COMMUNICATIONS SYSTEMS of Cheinsford for the supply of restaint equipment to be used by digital leased lines. The equipment knows as ACE (automatic equipment will enable digital leased-lines in the Klienteem service to be routed, leated, and monitored from the national control centres. The contract covers 55 ACE units, which will be installed at cross-connection sites within the national private circuit digital network. Also lictuded in the order are two control centres, which have the ability to set up connections across the network and to monitor already established connections.

The Croydon division BABCOCK-BRISTOL a member of the Babeock industrial and ejectrical products group, has received an order from its U.S. received an order from its U.S. agent J. Arthur Moore Company, of New Jersey, for oll-in-water monitors valued at approximately \$300,000. The equipment consists of 14 type OTM/7X tanker detailsting mositors and in excess of 50 type OSM bigo alarm units. Delivery is scheduled for completion before the end of the year. the end of the year.

CORE ALSTROM and COGELEX association have signed a contract with the Nepalese Government for the furnitey construction of a 43 km turnkey construction of a 43 km ining power transmission link including a double-fircuit three-phase overbeed line from the city of Butwai and a suspidown substation near Bardingst. The contract, worth about Man, is covered by a Franco-Nepsiese financial agreement. It is the first of its kind to have been signed by a French contracting firm to Nepsit. Commissioning is scheduled for the and of 1985.

### BASE LENDING RATES

A.B.N. Bank ...... Allied Irish Bank ..... BCCI
Bank of Ireland .... 9
Bank Leumi (UK) pic 9
Bank of Cyprus .... 9
Bank of Scotland .... 19 

Mr M. Victor Blank, a director

of Charterhouse Group

mercial and development director

Mr Jon Hawksley has been appointed to the board of CAYZER with responsibility for corporate finance. Mr Geoff Clay, the principal dealer, has been appointed an assistant director. Cayyer is the merchant banking services subsidiary of the BRITISH & COMMONWEALTH SHIPPING CO.

Mr K. F. Dibben has been

appointed a non-exercitive direc-tor of the METROPOLITAN GROUP, the holding company for N. Taylor (Engineering) and Anione Systems.

MCP ELECTRONICS has pro-moted Mr Rosald Adams to managing director. He replaces Mr Svein Davidsen, who has

moved to LSI Logic. Mr Adams' previous marketing role has been taken by Mr Michael Tryphonides, who is promoted to sales director.

He joined MCP as high tech-nology product manager in 1978, from GEC's General Signal.

of McCorquodale Books.

# Brown Shipley 91%
CL Bank Nederland 9 %
Canada Ferm't Trust 10 %
Castle Court Trust Ltd. 91%
Cayeer Ltd. 9 %
Cedar Holdings 10 % Dunhar & Co. Ltd. 9 % months. 8
Duncan Lawric 9 % 7-day due
E. T. Trust 91% For Corp. 111% 21-day de
First Nat. Fig. Corp. 111% 21-day de
First Nat. Secs. Ltd. 112% 4 Demend de
Robert Fraser 10 % Montgage
Grindlays Bank 12 9 % 8.50%.

Guinness Mahon 9 % 9.27%.

M Hambros Bank 9 Heritable & Gan. Trust 3 Hill Samuel 9 C. Hoars & Co. 12 Hongkang & Shanghai 8 Kinganorth Trust Ltd. 10 Knowsley & Co. Ltd. 9 Lloyde Bank 9 Mallinhall Limited 9 Edward Mannort & Co. 161 Mailinhali Limited

Edward Manson & Co.

Meshral and Sons Ltd.

Midland Bank

Morgan Grenfeli

National Bk. of Kuwsit

National Westminster

Norwich Ges. Tat.

R. Raphael & Song

P. S. Refson & Co.

Roxburgho Guaranine

Royal Trust Co. Canada

Standard Chartered ... Standard Chartered .... TCB
Trustee Savings Bank 9
United Bank of Kuwait 9
United Mirrabi Bank 9 Volkskes Intnl. Ltd. ... Westper Banking Corp. Whitesway Laidiaw ... Williams & Glyn's ... 9 9 Wintrust Secs. Ltd. ... 9 9 Yorkshire Bank Wintrust Secs. Ltd. 9 %
Yorkabire Bank ...... 9 %
Members of the Accepting Heuses
Committee. 7-day departs 5.5%, 1-month
1 %

### THE KUWAIT MERIDIEN HOTEL



THE FRENCH ART OF FINE LIVING IN KUWAIT



You can find this French art of fine living in Cairo, Boghdad, Pala ascus, Latokia, Al Khobar-Dhahron, Jeddah, Abu Dhabi, Sharjah Khartoum, and soon in Heliopolis, Alexandria, Aleppo, Colombo, Delhi. Call "Meridien Reservation International" in London 491.35.16, for all the Meridien hotels: Paris, Nice, Lyons, Tours, Athens, Tunis, Monaster, Mohammedia, Dakor, Bujumbura, Kigali, Port-Gentil, Brozzaville, Douala Gisenyi, Saint-Louis, Montreal, Houston, Baston, New York, San Francisco, Bahia, Ria, Takya, Hong Kong city, Hong Kang airport, Guadeloupe, Martinique, Mauritius Paradis, Mauritius Brobant, Reunian. Caming openings: New-Orleans, Mexico city, Singapore city, Singapore Changi one, Lisbon, Warsaw.

### NOTICE OF REDEMPTION To the Holders of

Guinness Mahon

### Bank of Tokyo (Curacao) Holding N.V.

8% per cent, Guaranteed Bonds Due 1988

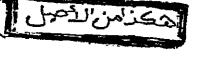
NOTICE IS HEREBY GIVEN that Eight Hundred Fifty Three Thousand Dollars (\$253,000) principal amount of the Bank of Tokyo (Curacao) Holding N.V. (formerly Curacao Tokyo Holding N.V.18% per cent Guaranteed Bonds due 1968 and bearing the following serial numbers have been dizawn for redemption on December 1, 1963, at the redemption price of 100% of the principal amount thereof.

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Payment of the principal amount of each of the Bonds called for redemption will be made on a after December 1. 1983 upon presentation and surrender of the Bonds to be redemed, together with all coupons appertaining thereto maturing after December 1. 1983 failing which the amount of the missing unmatured coupons will be deducted from the sum due for payment), at the principal office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 1000 or at the principal office in the city indicated of any of the following Payme Agents: The Bank of Tokyo Trust Company in London; The Bank of Tokyo Ltd. in Brussels, Frankfurt am Main, Milan and Pares, The Bank of Tokyo (Holland) N.V. in Amsterdam; and Banque Internationale a Luxenbourg S.A. in Luxenbourg. The coupon for interest payable on December 1, 1983 should be detached and presented for payment in the usual manner.

On and after December 1, 1983, interest on the Bonds so colled for redemption will coase to service BANK OF TOKYO ICURACAM HOLDING N.V., By: The Bank of Tukyo Trust Company as Fiscal Agent

Dated: October 25, 1983



**NEW YORK STOCK EXCHANGE 26-28** AMERICAN STOCK EXCHANGE 27-28 **WORLD STOCK MARKETS 28** LONDON STOCK EXCHANGE 29-32 UNIT TRUSTS 32-33 COMMODITIES 34 CURRENCIES 35 INTERNATIONAL CAPITAL MARKETS 36 SECTION III - INTERNATIONAL MARKETS FINANCIALTIMES

Tuesday October 25 1983

Further boost for zinc prices, Page 34

### **WALL STREET**

CONTROL

### Convincing rally despite nervousness

U.S. STOCK MARKETS remained nervous yesterday, as investors weighed the implications of last week's sharp rise in M1 money supply and Friday's sell-off in IBM shares, writes Terry Byland in

Leading stocks managed a successful recovery from a poor start, with the help of trading statements from General Motors and Merrill Lynch. But over the broad range of the market, sellers were still in the majority as the session came to an end.

The Dow Jones Industrial average ended a net 0.10 higher at 1248.98 after falling below 1228 during the morning. But there were falls in the indices for the American Stock Exchange and the over-the-counter market where a wide range of the smaller high-technology stocks are traded. Volume on the New York Stock Exchange was only moderate with a turnover of 85.8m shares. Stocks with losses totalled 977 against

599 with gains. In the credit market, yields consolidated around the higher levels reached late on Friday. The serious and tragic events in Beirut at the weekend also served to depress the mood of the market.

Standard & Poors 500

STOCK WARKET INDICES

1248.98

139.07

165.99

428.87

464.53

418.96

81.43

520.8

9260.16

507.8

54.39

124.77

2422.3

191.57

147.7

337.27

999.5

183.79

114.3

209.03

954 64

733.3 905.0

341.2

Oct 19

180.0

GOLD (bet onuce)

1248.88

590.30

138.82

165.95

430.93

466.54

420.87

81.60

675 97 680 98 547 48

512.9

54.35

125.24

430.71

193.08

147.9

337.12

1000.0

185.42

141.2

115.4

210.42

727.3 906.1

1387.98 1413.71 765.90

343.5

1803

\$395.00

\$394.50

\$394.14

\$396.50

\$398.30

Oct 24 Prev \$396.125 \$393.875

Yr ago

147.4

\$393.50

\$393.50

\$395,85

\$394.00

957.99 728.72

767.79 784.92

2425.2 1803.4

9318.98 7324.04

516.0

**NEW YORK** 

DJ industnat

DJ Transport

S&P Compos

FT ind Ord

FT-A 500

TOKYO

FT-A All-share

FT Gold mines

FT Govt secs

Tokyo SE

Metals & Mins

Credit Akti

Belgian SE

BELGIUM

CANADA

Combine

Copenhagen SE

Ind Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

Hang Şeng

Banca Comm NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

Industriet

Madrid SE

SWITZERLAND

Capital Int'l

Frankfurt

Paris (fixing)

New York (Oct)

Zunch

Swiss Bank Ind

SPAIN

SWEDEN

J&P

Straits Times

SOUTH AFRICA

ITALY

DENMARK

FRANCE

AUSTRALIA

DJ Utilities

LONDON

KEY MARKET MONITORS

Year ago

1031,46

439,37

121.54

138.83

374.78

413.94

382.50

406.1

83.37

518.9

416,9

47.36

98.64

92.41

100.00

118.4

235.82

713.8

Stock prices opened sharply lower and were pushed down by persistent selling during the first two hours of trading. IBM, whose weakness on Friday trig-gered off selling over the range of the market, traded up \$1% at \$128%.

Bank shares looked steadier, with Citicorp \$1% up at \$32% after a sharp fall on Friday when the market was unsettled by rumours about South American debt

developments. At mid-morning, General Motors disclosed the expectedly strong trading re-sults for the third quarter and this help-

ed to steady the rest of the stock market. GM, \$1 down while awaiting the third-quarter figures picked up after the an-nouncement to trade at \$78%, a net \$% higher. Chrysler added \$1/4 to 291/4 while Ford, also with results due, gained \$1%

The oil share sector opened the reporting season with lower profits from Ashland Oil which fell \$% to \$28% and somewhat uninspiring figures from Standard Oil of Indiana which gained \$1

Hughes Tool, which makes most of the drilling bits for the oil industry, dipped \$% to \$20% after disclosing a \$4m loss for the quarter.

The technology sector had another busy day. Lower profits for the final quarter at Apple Computer were of little further surprise and the stock at \$19% shed only \$%.

Hewlett-Packard added \$% to \$37% but Tie Communications gave up another \$% to \$25%.

United Airlines, \$1% up at \$31% and American Airlines, \$1% higher at \$32%, maintained the firmer trend of last week but rail stocks shed up to \$1.

T-Industrial Ordinary

700

680

STERLING

1.502

· 349.25

3.155

4.3625

79.17

9% 4%

513/1

13%

9%

9.35 8.50

11.49 11.58

Yield

10.40

12.05

91% 12.10

11.85

Oct 24 Previou

1,4995

350

2378.5

79.85

41/m

5%

9.25 8.66

Price

11.59 102752 11.53

95 69% 76%

10.64 99<sup>24</sup>/<sub>52</sub> 11.54 99<sup>2</sup>/<sub>52</sub>

11.63 10115

Yield

10.50°

7.8925 11.925 2.0995 3.1775 2.904 4.395

Index (30-Share)

U.S. DOLLAR

232.35

1572.5

1.23225 1.23125 1.843

**INTEREST RATES** 

U.S BONDS

Oct 24

64.23\* 11.65\*

76½\* 12.05\*

FINANCIAL FUTURES

91.07

90.27

COMMODITIES

71-03 72-23 71-00 72-16

91.11 91.06 91.26

90.44 90.38 90.58

90.28 90.24 90.45

634.50p

£965.50

£1917.00

106-28 107-23 106-22 107-25

642.20p

£957.50

\$28.65

£1932.00

68%\*

10% March 1993 92.63° 11.95°

12% Dec 2012 96.16\* 12.75\*

Federated Dept Stores

10% May 2013 87,132°

99<sup>29</sup>/32 101<sup>18</sup>/32

52,72

Oct 24 Previous

233.25

7.955

2.1175

2,9295

1586.25

(offered rate)

Treasury

12 2013

10% June 1990

8% May 2000

11.80 Feb 2013

8% 32nds of 100%

\$1m points of 100%

S1m points of 100%

\$1m points of 100%

Silver (spot foung)

Copper (cash)

Cottee (Nov)

£50,000 32nds of 100%

U.S. Treasury Bids (IND)

December

December

LONDON

Three-m

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Xerox

11.S. 3-month CDs

U.S.3-month T-bills

53.25

3-month U.S.S

6-month U.S.\$

Merrill Lynch, the market's largest securities trading house, put on \$1% to \$31% after the third-quarter results.

Trading results brought gains in Phi-bro Salomon at \$28%, Eaton at \$45%, and Ampeo Pittsburgh at \$12%. McDonald's, the fast food chain, added \$1 to \$68% on higher third-quarter earnings.

Treasury Bills were a few basis points below Friday's final quotations with the three-month bill at a 8.69 per cent discount and the six month at 8.89 per cent. The key long bond at 1021%, yielding 11.69 per cent was about half a point below Friday's close.

### **EUROPE**

### **Bourses** wait for lead from U.S.

IN RITUAL fashion, most European bourses waited and sought guidance yesterday from Wall Street's reaction to last Friday's bulge in M1 money supply figures, while Middle East events continued to cause concern.

Pending a New York response, Frankfurt was the only market to show signs of determination and the FAZ index of 100 leading shares rose to a new all-time high of 337.27, up 0.15, although the Commerzbank index was 0.5 off last Friday's 23-year peak of 999.5.

Strong demand for luxury car makers saw Daimler-Benz advance DM 40 to DM 702 and BMW rose DM 11 to DM 412 although VW shed DM 2.20 to DM

Banks were weak with Deutsche DM 6 lower at DM 313.50, while Commerz-bank fell DM 4.50 to DM 175.50 and a capital boost for Bayerische Hypobank forced DM 3 off the shares to DM 288.

Major chemicals lost ground, BASF gave up DM 2.40 to DM 156.50 and Bayer was 70 pfg weaker at DM 155.80.

Domestic bonds and DM-denominated foreign Eurobonds were priced gen-

Active trading in Paris left prices mixed despite some confusion over new trading procedures on the bourse and the % point drop in call money to 12 per cent. The Beirut bombings and U.S.

Advances included Bouygues FFr 12 ahead at FFr 697, while Carrefour was FFr 30 up at FFr 1,340, Moët Hennessy was FFr 20 higher at FFr 1,320 and Roussel-Uclaf was FFr 12 firmer at FFr

Insurance and banking shares were hardest hit in Amsterdam yesterday with noticeable weakness in international stocks.

Amro slipped 30 cents to FI 60, Ned-Mid Bank fell FI 1 to FI 147.5 and ABN incurred a Fi 3.5 drop to Fi 364. Royal Dutch was FI 1.4 off at FI 130.4, KLM with first-half results due next week, lost Fl 2.7 to Fl 151.3 and Philips eased Fl 1.3 to Fl 48.1. Sensitivity to Lebanese events and

technical factors pushed Milan lower in light trading.

Leading industrials, banks and insurance stocks were among the big losers. Fiat dropped L39 to L2,840, Mediobanca lost L650 to L62,300 and RAS fell L1,400 to L135,500

Belgian and foreign shares ended mixed to lower in Brussels. Wiremaker Bekaert slipped BFr 10 to BFr 2,930. Chemical shares were firmer with Ge-

vaert up BFr 5 to BFr 2,485 and Solvay BFr 70 higher at BFr 3,290. Featureless trading dominated Zurich with prices broadly lower. A sharply higher dollar, M1 ruminations and provisional results of Swiss parliamentary

elections affected sentiment. Some in-

dustrials and insurance issues gained ground against the trend. Rumours of plans for new capital gains taxes persisted in Stockholm as

losses mounted in thin trading.

### LONDON

### Early fall is sustained

LEADING SHARES failed to recover from an early mark-down in London as investors stayed out of the market in anticipation of Wall Street's sharp early

The Financial Times Industrial Ordinary index, which was 3.7 lower at 10am, eased further after hours to close 4.5 down at 684.8.

The market was dominated by overseas events. The implications of Friday's rise in the basic U.S. money supply measure, M1, the Beirut bombings, which heighten Middle East tension, and the Latin American debt situation were all considerations.

The recently firm gilt edged market met a more cautious approach. Optimism about domestic rates cooled and longer dated gilts soon shed ¼ or so before buyers ventured in.

Closing falls among the longer gilts stretched to % while shorter dated stocks ended around % easier. Details, Page 29; Share Information Service,

### Blue-chip issues take a tumble

PRICES GENERALLY moved lower in Tokyo yesterday on bad domestic and overseas news. The only bright spots for stocks were among oils, shippings and speculatives, while prices in the govern-ment bond market were steady to slight-ly lower, writes Shigeo Nishiwaki of Jiji

The Nikkei-Dow Jones market average once more lost its grasp on the 9,300 level, with a sharp 58.82 fall to end at 9,260.16 in extremely light volume of 139.06m shares, the lowest for this year.

The cold water that drenched the market was attributed to an unexpected bulge in the U.S. money supply (announced on Friday), fears of a poor showing on Wall Street after the weekend, the yen's plunge against the U.S. dollar on the Tokyo foreign exchange market, uncertainty over the domestic political situation and the growing tension in the Middle East.

Many large brokerage houses and institutional investors stayed on the sidelines until Wall Street had time to react to the money supply figures and tension in Lebanon.

In the absence of investor interest, blue chips particularly fell on small-lot selling, with Fuji Photo Film losing Y50 to Y1,960, Sony Y80 to Y3,450 and Kyocera Y130 to Y6,670.

Among other quality issues, Hitachi shed Y10 to Y852, Fujitsu Y40 to Y1,230 and Matsushita Electric Industrial Y10 to Y1,630, with gains posted only by Pioneer Electric up Y20 at Y2,820 and Honda Motor Y5 at Y1,000.

Meanwhile, oils and shipping issues moved higher in reaction to the growing tension in the Middle East, Teikoku Oil put on Y26 to Y837, Nippon Oil Y10 to Y1,170 and Toa Nenryo Kogyo Y10 to

Speculation of higher freight rates sent Japan Line rising Y7 to Y170 and Shinwa Kaiun Y5 to Y157. But non-ferrous metal issues fell, with Sumitomo Mining down Y20 at Y1,330.

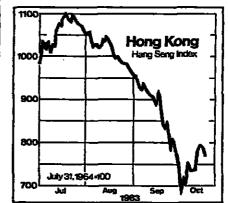
Bond prices eased during the morning on a flurry of selling by medium and l

### small-sized securities firms amid con-cern about the Beirut situation, but recouped some of the loss on small-lot buy-

ing by a trust bank of long-term government bonds with about two years remaining to maturity.

The yield of the benchmark 7.5 per

cent long-term government bond maturing in January 1993, rose sharply to 7.79 per cent in the morning from 7.75 per cent at the end of last week, but fell back to 7.76 per cent in the afternoon.



### **HONG KONG**

### **Depressing** dollar link

LIGHT TRADING throughout the Far East left most market indices lower yesterday with the Hang Seng index in Hong Kong some 17.13 down at 767.79.

In broadly featureless trading, dealers attributed linking of the local currency to the U.S. dollar as a major depressant on the market, which has now lost over 1,100 points from its all time high of 1,810.2, set in July 1981. Continued uncertainty over future relations with China haunts political and financial sectors

Official data released yesterday indicated that consumer prices in the Brit-ish colony rose by 2.1 per cent in Sep-

Hang Seng Bank was one of the larger losers on the day, down HK\$1.5 to HK\$32.5, while Hongkong and Shanghai Banking slipped 5 cents to HK\$6.9 ex dividend. Overseas Trust Bank ad-

### SINGAPORE

LACKLUSTRE TRADING hit Singapore yesterday, pushing the Straits Times index 3.35 lower to 954.64. The absence of any particular positive factor led the market into a downward drift. One dealer noted resistance would be encountered during a rally once the index

reached 965 unless volume picked up. Banks were generally unchanged or lower whereas properties drifted lower and motor issues were mixed.

Malay Banking was unchanged at S\$9.55, but UOB added 5 cents to S\$5.4.

Cold Storage lost 4 cents to SS4.92 and Straits Trading slipped 5 cents to S\$5.5.

### **AUSTRALIA**

TECHNICAL FACTORS combined with depressed metals prices to edge Sydney stocks lower in light trading, leaving the All Ordinaries Index at 682.7, a loss of

5.8.

Banks were sharply lower, although retailers, media and transport issues fared better.

BHP was 22 cents off at A\$11.80, Ampol 1 cent lower at AS1.92, while Wood-side shed 3 cents to A\$1.24. CSR dropped 7 cents to A\$3.75 and Western Mining

fell 6 cents to A\$3.53. Elsewhere, the Australian Associated Stock Exchanges have proposed liberalisation of entry requirements into the broking industry.

### **SOUTH AFRICA**

GOLD SHARES ended mostly firmer in Johannesburg but the market was hesi-tant in the wake of the weekend events in Beirut.

Prices were generally little changed from opening mark-ups, in line with the firmer bullion price. President Brand added RI to R46.50 but a few small losses were also noted.

Mining financials, platinums and diamonds mirrored golds with Anglo American adding 20 cents to R19.10, and De Beers 10 cents ahead at R8.95.

### CANADA

OIL and gas stocks in Toronto suffered sharp price setbacks by mid-session yesterday, with metals and mining issues succumbing to the underlying weakness in the resources sector.

All major stock sectors were lower in Montreal, with heavy losses in banks and industrials. Papers and utilities re-



"Stop whining, Potts. If the board wants faster customer service, then it's as good a way as any . . ."

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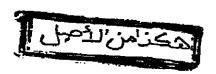
# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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# YORK STOCK EXCHANGE COMPOSITE

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# ITE BAINKEK

To The Bank Secretary

From The Banker

### Subject Balance Sheet/Report and Accounts

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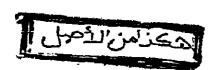
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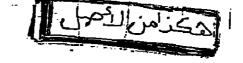
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-   +   1	26	19	High	Low		urs kade		1972	-	1958	1954	
T-T	-	-	442.62 (6.5)	79.75 GF 1	R <sub>IS</sub> Fal	<b>ts</b>		505 977 390		696 979 393	855 899 394	
TREAL			-	, I				270	198		334	
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Sederatus Combine		Í	439 EF		G3.97 415.55	422.6 473.91		.885/5 28770 ·			12)(/)	
TONTO Diegos	_		2023		2444.2	2053		2026/		_	45/31 .84/11	
MOICES: CLO	ŞTŅG	VALUES	YESTE	DAY'S C	HADIAI					<u></u>		

**Indices** 

- I	Oct.	Oct.	Oct.	Oct.	High	NES Low
AUSTRALIA All Ord. (1/1:58) Metals & Minis. (1/1:60)	682.7 607.A	688.5 512.9	\$34,0 570,3	678.8 ; 506.1	758.7 (12:5) 814.2 (8:3)	427,0 (4. T) 413,5 (4. T)
AUSTRIA Gredit Alktien(2:1/62)	54,88	54.35	\$4.58	54,63	(8 <sub>1</sub> 8) 8.98	4,4 (16/2)
BELGIUM Belgian SE (81/12/66)	124,77	125,34	125.75	126,67	184.48 (1.40	780.50 H /h
DENMARK Copenhagen SE (3/1/85)	121,67	(23,44)	186.17	151. <b>13</b> 5	194,22 (15/8)	700,00 (5-7)
FRANCE CAC General (51,12,82) and Tendance (51,12,82)	128.5 147.7	(C)	189.7 147.8	140,0 148,7	141,6 (17:10) 160,7 (17:10)	56,7 d h 56,7 d h
GERMANY FAZ-Aktien (61/12/58) Commerzbank (Doc (655)	357.97 299.5	587,12 7006,0	134,15 549,6	#84, <b>U</b> #82,2	527,97 (94/10) 1000,0 (21/10)	201,38 (25/1) .727,3 (25, 1)
HONG KONG Hang Seng Bank (61/7/64)	767,78	784,92	<b>790.</b> 11	794,34	1106.64 (21;7)	255, <b>56</b> 14.70
ITALY Bahen Comm Hal. (1972)	185,72	185,42	100.16	182,13	114,95 (21°9)	160,45 (10,1)
JAPAN*** Nikkei-Dow (16:5:42) Tokyo SE New (4:1:53)	\$260,16 675,87	8576.21 685.80	25:45.26 63:45	676,96 676,96	3685,35 (19.10) 688,66 (7.10)	7805.78 (25 1) 674.51 (25 1)
- NETHERLANDS ANP-CBS General (1970) ANP-CBS Indust (1970)	183.9 114.8	141,2 135,4		14L) 115,5	144,8 (11-10) 118,4 (18,10)	100.1 (4 1) 45.5 (4.1)
NORWAY Odo SE (4/1/88)	203.63	210.42	210.25	209,34	217 JH (10.10)	20,01 (0.1)
SINGAPORE Straights Times (1966)	954,54	657.35	\$12.51	34,188	<b>20.</b> 在海市	712.20 to 17
SOUTH AFRICA Gold (1998) Industrial (1968)	(u) (u)	727.3 \$86.1	725.4 106.7	788.7 811.8	1039.5 (7.2) 3 868.7 (24.4)	194,5 (29 5) 194,5 (4 t)
SPAIN Magrid SE (6):12.85)	(C)	101,62	121,60	121.86	127,98 (15 19:	<b>69.52</b> (11:1)
SWEDEN Jacobson & F. (1, )-58)	1887.88	1418,71	1429,55	1437,26	1578,84 (8,5) ·	· 11.11
SWITZERLAND SwissBankCon, (51, 17.52)	K12	145,B	142,5	842,6	847,0 rd 81	294,4 se br
WORLD : Capital Intl. (1/1/70) :		184.8	180,5	176.5	185,6 (16-10)	134,5,1,

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### LONDON STOCK EXCHANGE

### MARKET REPORT

# Overseas events dampen investment enthusiasm and

in U.S. money supply and the subsequent sharp fall in bond prices as short-term interest prices as short-term interest rates there rose prompted a more cautious approach to the recently firm gilt-edged market. Recent optimism about domestic rates cooled and longer-dated gilts soon shed 1 or so before huyers ventured in. Demand was ratisfied forly purely horographs. satisfied fairly quickly, however, and the tone eased as operators awaited the U.S. bond market's reaction to details of the U.S. Government's huge quarterly financing operation, sheduled to be announced on Wednesday. closing falls among longer gilts finally stretched to 1, while shorter-dated stocks ended around 12 easier.

International debt worries resurfaced to undermine the major clearing banks. Prices were marked lower at the outset and continued to retreat on sporadic bouts of selling. Barclays lost 10 to 435p as did Lløyds, to 445p, while Midland fell 9 to 388p and NatWest 8 to 577p. Elsewhere. Grindlays care and company to 24.42 per cent. Roberts Adlard, still responding to the increased half-yearly profits and Board's confident statement, firmed 5 to 1983 peak of 140p, while Ramus, which recently revealed to 35p as did Lløyds, to 445p. while Midland fell 9 to 388p and NatWest 8 to 577p. Elsewhere. while Midland fell 9 to 388p and NatWest 8 to 577p. Elsewhere, FII Wanted

Grindlays gave up to 8 at 152p on lack of support and Standard Chartered cheapened 5 to 418p. Dealings in Bank L-umi third-quarter figures are due on resumed, at £13½, following the reconstruction and capital changes.

After last week's flurry of Carson and Standard cocasional interest and firmed Closing only a penny up on balance at \$50p. Closing only a penny up on balance at \$50p. Elsewhere, Lennons were unmoved, at 44p, by the an-incomplete that Growth Industrial Holdings of Singapore were quoted 65 lower at 335p following news of the company's plans to issue 1m shares, half of which are to be offered in the UK. Security Ceatres rallied Miscellaneous Industrial

EQUITY GROUPS

& SUB-SECTIONS

market trade quietly lower

Account Dealing Dates
Option

\*First Declara- Last Account
Dealings tions Dealings Day
Oet 17 Oct 27 Oct 28 Nov 7
Oet 31 Nov 10 Nov 11 Nov 21
Nov 14 Nov 24 Nov 25
Nov 14 Nov 24 Nov 25
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Nov 16 Nov 17
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Nov 24 Nov 25
Nov 25
Nov 18
London equity markets traded quetly as the final leg of the current trading Account got under way yesterday. Institutional investors showed no inclination to commit fresh funds after last week's foray on brighter economic news. U.S. growth in the third-quardy and the latest CSO findings on UK trends which preceded the Chancellor's preduction of lover inflation next year.
Interest yesterday was dominated by other overseas events. The implications of Friday's unexpected rise in the basic U.S. money supply measure, M.I. the Beirut bombings, which could only heighten Middle East tension and the Latin American debt situation were all poignant considerations—Wall Street last Friday was subjected to persistent rumours that a South American country was on the verge of defaulting.

Subsequently, leading shares in London never really recovered from an initial mark-down on anticipations that the New York market would fall sharply at its reopening. Values did exactly that early yesterday and the Dow Jones index was soon 17 points down, a movement which touk blue chip industrial ordinary share index, 3.7 lower at 10 am and still recording the same loss five hours later, eased further after-hours to close 4.5 down at 683.3.

Last week's surprise expansion in U.S. money supply and the subsequent sharp fall in bond prices as short-term interest week as short-term interest

Federation of Building Trace Employers' pessimistic report on industry prospects. Tarmae were particularly dull and shed 10 to 410p; a large line of stock was offered and thought to have been placed. Blue Circle softened 3 to 412p, while London Brick eased 1½ to 961p. Elsewhere, Burnett and Hallamshire dropped to a 1983 low of 206p before closing a net 40 down at 225p following adverse Press comment and chairman's cautious statement on current trading. Among the few bright, spots, John Fiblan firmed 4 to 186p; the interim results are expected this week and yesterday pected this week and yesterday the company was awarded a con-struction contract worth £1.5m. British Dredging hardened 2 to 48p on news that RMC had in-creased its stake in the company

FT-ACTUARIES SHARE INDICES

and the Faculty of Actuaries

Mon Oct 24 1983

Gross Div. Yield % (ACT at 30%

FINANCIAL TIMES STOCK INDICES

Oct. Oct. Oct. Oct. Oct. Oct. year 24 21 20 19 18 17 ago 885 X 689 8 691 0 678 4 678 X 677 6 604 6 Total bargains. ..... 17,402 17,083 16,886 21,166 21,704 20,021 22,474 Equity turnover £m. — 182.35 179,88 210,09 157,35 171,83 182,73 Equity bargains. .... — 13,866 15,211 15.028 14,882 16,553 20,784 - 110.8 106.0 121.2 101.5 115.7 99.0

10 am 886,1. 11 am 886.3. Noon 886.8. 1 pm 686.9. 2 pm 686.9. 3 pm 688.1. Basia 100 Govt. Secs. 18/1/26. Fixed Int. 1928. Industrial 1/7/35.

HIGHS AND LOWS

	1983		Since Co	mpilat'n	ί '	Oct !	Oct. 20
	High -	Low	· High	Low	<u> </u>		
Govt. Secs	83,60 (14/6)	77,00 (24·1)	127.4	48,10	Deily Gift Edged Bargains Equities	151.2	138,6
Fixed Int	84.96 (21/10)	79.05	150.4	60,58 (8/1/6)	Bargains Value	89.8 368.5	98.6 363.6
Ind. Ord	740.4 (22/8)	698,4 (12,1)	740.4 (92/8/86)	72.7	Gilt-Edged Bargains	153.8	159.4
Gold Mines	784.7 (15/2)	510.0 (20/10)	734,7	48,5 (26/1),/ )	Eculties	97.1 364.4	105.0

Leading Stores were in lethargic mood and with the exception of Woolworth, a few pence dearer at 253p, tended to drift lower. British Home, which pence dearer at 253p, tended to drift lower. British Home, which announced good interim results last week, and House of Fraser, both eased 2 to 209p and 218p respectively. Currys shed 7 to 318p and Comet 3 to 275p, but eased 2 to 46p, the last-mentioned following Press mention. Peters closed 6 higher at 94p in front of next week's full-year results, while Foster Brothers Clothing, half-timer due tomorrow, firmed 2 to 84p. Press comment suggesting a possible link with Mr Asil Nadir prompted early demand for Kraft Productions, which spurted to 190p before reverting to Fridlewing a statement from Kraft defusing recent speculation.

Press comment generated interest among Shoes and Leather. Fill advanced 6 to 105p following a "buy" recommendation, while Strong and Fisher, of the company to its partner, John Leather. Fill advanced 6 to 105p following a "buy" recommendation, while Strong and Fisher, of the company to pence to 162p. Associated Dairles gave up 4 at 166p and Tesco shed 2 at 162p. Elsewhere, Leanons were unmoved, at 44p, by the announced sincer at 238p, and Farnell. 303p.

Falls among the Engineering leaders were confined to a few pence. Occasional movements elsewhere included Belgrave (Blackheath), which reacted 8 to 10p after last week's sharp rise on the appointment of Mr A. J. Shamji as chairman. Pegler Hattersley gave up 5 at 258p, while McKechnie closed a penny lower at 121p awaiting Thursday's preliminary results.

Tate and Lyle firmed 4 to 354p on confirmation that the group's Canadian subsidiary. Redpath Industries, had reached agreement for the disposal of its 50 per cent interest in the Zymaize Company to its partner, John Labbatt, a U.S. brewery concern. Other leading Foods encountered occasional selling, Cadbury Schweppes losing 3 to 100p and Northern a couple of pence to 162p. Elsewhere, Leanons were unmoved, at 44p, by the announcement that Growth In-

Ties Oct 18

S.E. ACTIVITY

•	198	33	Since Co	mpilat'ri	4	Oct !	Oct. 20
	High 1	Low	High ,	Low	<del>-</del>		
	83.50 114/8)		12 / A   (8/1/55)	(8/1/26)	Delly Gift Edged Bargains Equities	151.2	138,6
	84.96 ( 121/10)	79.03 (3/2)	150,4 (28,11,47)	(6/1/f6)	Bargains Value	89,8 368.5	
Ind. Ord	740.4 (22/8)	698,4 (12/1)	740.4 (22/8/88)	73.7	Gilt-Edged Bargains	153.8	159.4
	784.7 (15/2)	510,0 (20/10)	734,7 (15/2/86)	45,5 (21/1),/ ()	Equities Bargains Value	97.1 364.4	

that amount to 184p. Elsewhere.
Novo Industries B lost 71 points aid of an investment recommendation. Elsewhere, High Technology etacks made an irregular nology stocks made an irregular showing. Microfocus rose 25 to 550p and CPU Computers 4 to 112p, but losses of 5 were marked against Scan Data, 95p, and Farnell. 303p.

Miscellaneous Industrial leaders were inclined easier in leaders were inclined easier in extremely slow trading. Occasional selling left BOC 8 cheeper at 229p, while Glaxo eased 5 to 735p and BTR 4 to 521p. Beecham were a couple of pence off at 300p. Elsewhere, Garford-Lilley Industries featured with a rise of 16 to 54p on the announcement of a possible merger with Williams Holdings. Reed Executive were also noteworthy for a rise of 6 to 45p in response to the interim profits recovery. Speculative demand lifted Bellair 45 to 625p, while J. Bibby, reflecting news of the sale of its edible oil subsidiary and related assets for approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m approximately £14m, improved 5 to 720c. Bold and 10 sale of 15 to 54m

pool encountered selling, trig-gered by further adverse com-ment, and touched 39p before settling 4 off on the day at 43p, but Applied Computer picked up 5 further at 345p. Prestige Group, a good market last Friday on the possible sale by the U.S. parent of its 74 per cent

firm Pineapple Dance Studios, at 130p.

The good reception given to the new Jaguar models at the London Motorfair prompted renewed support of BL, which hardened 3 to 63p; buyers were still anticipating the sell-off of this profitable division. Elsewhere in Motors, Lex Service eased a couple of pence to 303p ex-the rights issue; the new nilpaid opened at 30p premium and slipped to 28p premium before recovering to close at 32p premium. Press comment lifted premium. Press comment lifted BSG International a penny at 17½p, after 18½p, while British Car Auction remained in demand ahead of next Tuesday's

preliminary results and ended 4 after last week's better display. Land Securities and MEPC shed Land Securities and MEPC shed a couple of pence to 309p and 219p respectively, while Great Portland Estates were similarly easier at 128p. The sector, however, produced one bright feature in Percy Bilton, which rose 13 to 235p on revived takeover speculation. North British Properties, still awaiting details of the Sun Life bid approach, touched 160p before closing a penny cheaper on balance at 156p. The award of a contract worth £2.65m made no impression on Espley-Tyas, unchanged

sion on Espley-Tyas, unchanges at 80p.

Favourable weekend mention brought a couple of noteworthy gains to Financials. Antofagasta to 90p, while Aitken Hume, a depressed market recently, rallied 5 to 185p, after 188p. In contrast, Exco International remained out of favour and, in a thin market, reacted 20 at 505p. Mercantile House closed 10 cheaper at 308p.

Sun (UK) revive

lethargy and, apart from a loss of 4 to 558p in Shell, movements were limited to a few pence either way. Sepculative stocks were featured by a revival in Sun (UK) Royalty, which jumped 35 to 325p on exploration hopes. KCA responded to weekend Press mention with a rise of 5 to 46p.

mately £14m, improved 5 to The gold sharemarket res-320p. Pauls and Whites, an old bid chestnut, rose 7 to 280p. much of the day before steady-Royal Worcester, in contrast, ing to close with small-scale

gains on balance following late support from the U.S. fell 11 to 312p, awaiting developments on the bid from
Crystalate. London and Liverpool encountered selling gered by form

Among the heavyweights. Western Holdings rose i to £30; in belated response to last week's results and the good in terim dividend, while similar gains were posted by Kloof, £26; and President Brand, £27]. Cheaper priced issues were generally slightly firmer on balance.

the U.S. parent of its 74 per cent stake in the group, eased 5 to 205p. Dealings restarted in Friedland Doggart, at 167p, following the result of the company's tender offer.

Press comment stimulated interest in Boosey and Hawkes, which touched 173p before closing a net 6 up at 170p; the interim results are due tomorrow. On the other hand, profittaking clipped 10 from recently-firm Pineapple Dance Studios, at 130p.

balance.

Financials closed mixed after an initial upward move that mirrored the trend in Golds. Gold Fields of South Africa were finally it to the good at 267; and "Johnnies" a point harder at £81 while De Beers 525p. London stocks showed little overall change despite the downturn in UK equities and a poor opening on Wall Street. Minorco, however, dropped 22 to a year's low of 6280 on American a year's low of 628p on American selling following the profits set-back from the 27 per cent owned

Phibro-Saloman. Platinums attracted persistent buying interest, double figure gains being common to Impala. 790p. Lydenburg, 510p and Rustenburg, 680p. Australians remained in the doldrums. Weak Sydney and Melbourne markets overnight

and disappointment with precious and base-metal markets encouraged scattered small selling but losses were minimal.

Quiet conditions among London equities again precluded support of Traded Options, which despite the added incentive of tomorrow's expiry of the October series, only attracted 1,338 contracts, the lowest level for over a month. Calls totalled 812 of which Courtaids and ICI accounted for 145 and 148 trades encouraged scattered small sellaccounted for 145 and 146 trades respectively.

### RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	77	23
Corpns, Dom. and			_
Foreign Bonds	3	12	58
Industrials	188	307	835
Financial and Prop.	60	141	318
Oils	15	26	73
Plantations	1	3	17
Mines	56	30	82
Others	37	71	61
Toble -	201	007	

### **NEW HIGHS AND LOWS FOR 1983**

G.L.C. 134pc 1994
G.L.C. 134pc 1994
Gen Foods Corp
Roberts Adlard ElDINGS (1)
W. W. Group
W. W. Group ENGINEERING (1)
Spencer Clark
INDUSTRIALS (4)
Elson & Robbins Scott & R
Sartons Williams ( Horst (Charles)

NewSPAPERS (1)

Black (A & C) Black (A & CTEATHLES (1)
Early's of Witney
TRSTS (4)
Mid Wynd Inter Antologasta Hidgs
Safeguard Ind'i Int'i Inv Trost Jers
Malakos
PLANTATIONS (1)

								_
•	Price	Amount paid up Latest Renunc, date	1983 High Low	Stock	Closing price	- 25 - 25 - 25 - 25 - 25 - 25 - 25 - 25	Oovered Greek	P.E.
	200   106   106   175   97   140   160   1	F.P. — F.P. = 1 F.P. 4/111 F.P. 18/10 F.P. — F.P. = 11/11; F.P. 51/10	18 106 190 1217 190 1217 190 115 185 107 160 09 107 75 81 75 81 76 140 774 65 91 8719 772 55 32 21 171 68 171 68 171 68 171 68 171 156 171 156 171 156	#A. # M. Hire 10p  #Acorn Computer 1p  #Atlantic Cimpters 10p  Brit. Petroleum  †#Bryson Oil & Gaz0p  #Cent'l IndTYN/V50p  Coin Inds. 10p  #DJSecurityAl'ms10p  #Edinb'gh Fd. Man 5p  Europ'n Assets DFI. 1  #Flaxtech 10p  #Frashbake Foods 5p  #imtec Group 10p  Nory & Sime 0.1p  Nory & Sime 0.1p  Lon. Midland indD'dd  †Mainmet Hidgs 10p  Poff Group 10p  *Port Group 10p  *Foonal Assets Tst 12ip'  Felometrix 5p  Fottenham Hotspur	106   277   194   -2   190   -2   160   -107   160   -2   174   -1   174   -1   175   -2   175   -3   171   -3   158   -3	52.25 20.25 22.15 52.1 52.1 581.7 9193 51.0 51.0 51.0	2.4 4.4 5.5 3.5 2.8 3.5 2.6 3.4 1.0 2.1 2.7 3.8 2.5 3.4 11.8 0.6 2.1 4.3	25.2 14.6 12.0 15.8 15.5 10.6 15.2 21.1 12.9 13.2 21.5 31.4 14.9

### **FIXED INTEREST STOCKS**

brice   East	### High   For	Stock	price +
95,736 £25 ¶100 £.P. 97,268 £25 ¶100p 250 № Nil — F.P. §100 F.P. 98,678 F.P. 99,124 F.P.	- 26.; 85 81 114: 11 27/10/1042: 101 25/11 261a 25 9/18 334-p 2 - 3pm leg - 100 96 28/10/1103-p 9 51/8 98 98 98 25/10/1034	2 Allied Lyons 11 <sup>5</sup> 13, Deb 2009  5-4 Australia 11 h pc. Ln. 2015.  1-8 Bristol Waterworks 5.5; Red. Prf. 1988  E **Etbourne W**rworks 12 h pc. Lp. 2004  5- Ireland 124; 2008  5-pi. ASMO 952; Cum Red Pref.  5-pi. ASMO 952; Cum Red Pref.  5-pi. ASMO 952; Cum. Red. Pref. 1993  5-pi. ASMO 952; Cum. Red. Pref. 1993  5-pi. ASMO 952; Cum. Red. Pref. 1993  5-pi. Cum. Cnv. 2nd Pref. 1993  5-pi. Cum. Cnv. 2nd Pref. 1993  1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	25;

### "RIGHTS" OFFERS

issue price	Amount paid up	Latest Renunc. date	1983 High , Low	Stock	Olosing price +
1836 80 23 82 50 660 440 83 17 20 275	F.P. F.P. Nil F.P.	- 25/11 - 30/12 - 11/11 - 28/16 - 28/16 - 18/11 - 25/11 - 25/11 - 25/11 - 21/12	86m 7pm 98 89 27 24 5pm 3pm 61 50 70pm 70pm 776 802 93 83 52 41 32pm 30pm 11pm 7pm 88 62 45 40le 42 15 122 132 122	Anglo-Indonesian Aran Energy 20p Assoc. Paper C. H. Industrials 10p Cartwright (R. 10p	93 24 3pm 50 70pm

### OPTIONS

First	Last	Last	For
Deal-	Deal-	Declara-	Settle
ings	ings	tion	ment
Oct 24	Nov 4	Jan 26	Feb (
Nov 7	Nov 18	Feb 9	Feb 2
Nov 21	Dec 2	Feb 23	Mar 8

Share Information Service Stocks favoured for the call

included Polly Peck, ICL, London and Liverpool, Hogg FRIDAY'S Robinson Security Tag, North Kalgurli, Boots, Initial Services, ACTIVE STOCKS Atlantic Resources, W.E. Norton, Trust Securities, UKO, Tozer Kemsley and Millbourn. Pauls and Whites, KCA. Suter Deferred, Samantha, Samson, London Scottish Finance, Carcle and Stewart Nairn. A put was taken out in Sun (UK) Royalty. Doubles were arranged in Suter Deferred, Amber Day, Hanson Trust and Belgrave (Black-

**LONDON TRADED OPTIONS** 

### **ACTIVE STOCKS**

	Above average activity the following stocks ye		DEBG II
<b>B-</b>		Closing	Day's
	Stock	price	change
	Barclays Bank	435	- 10
_	Bilton (P.)	235	+13
6	Burnett and Hellam	225	-40
0	Fleet Holdings	112	- 4
	Gartord-Lilley	54	+16
5	Hogg Robinson	123	- 4
_	Impala Plat,	790	+ 15
f	ICÍ	554	+ 2
-	Lon. & Liverpool Tst.	43	- 4

Based on barg	ains rec	orded i	n Stock
Exchange Office	al List.		
•	No. of	Friday's	: Day's
Stock	changes	close	change
Hogg Robinson	20	127	+ 9
Glaxo	. 14	740	_
Cmmrcl. Union		159	- 6
ICI	13	552	- 6
Royal Insurance	13	478	-20
Arlen Elect	12	170	+13
Barclays Bank .	12	445	- 3
Midland Bank		397	- 5
NatWest. Bank	12	585	- 3
Trident TV 'A'	12	108	+ 2
Beecham	11	302	- 3
Boots	11	153	<b>— 3</b>

### **EUROPEAN OPTIONS EXCHANGE** Nov. Feb. May Vol. Last Vol. Last Stock

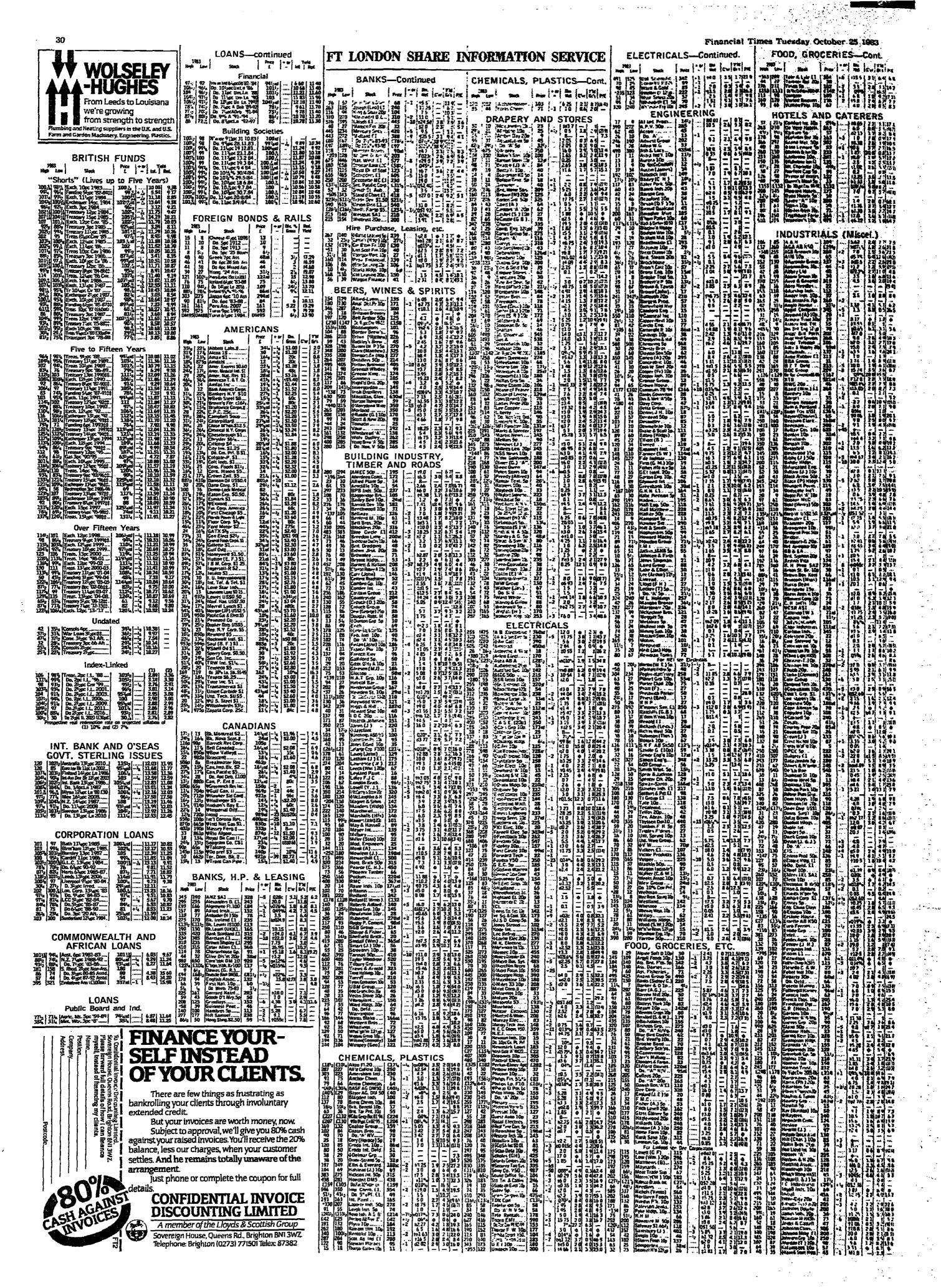
a	GOLD C	£375:	_	: - 1	-	'	1	48	:\$ 395.30
ì	GOLD C	5400	29	6,50	28	20	′	1 =	
۱		8425	3	1.90	25	10 .	7 3	19	
ŧ	GOLD C	8425 8450	10	1	38	10.		10.90	*
ł	GOLD C GOLD P		12 25 25				4	10.50	, ,,
Ì	GOLD P	8375	ža	· 220 .	22	7,50	2	10,90	· -
۱	COLD P	8400	25	· 10	<u> </u>	1 - 1		: -	,
h		-				·			
ŧ				)ec		lerch_	Jur		_
ı	SILV C	S10.	6	10.35 ;	; 19	, 0,80 ;	9 1	1.10	·59.55
h	SILY C	\$11	ğ	0.10 A	25	0,45 A	12	0.71	
h	SILV C	512	_		4	0.25	_		-
ł	SILV C		_		: =	1	3	1.75 E	. "
ħ	SILV P	811	-				-	. 1.10.	В "
ł	SILV P	\$12	2	2.50	_	. –	_	_	
۱			_	-					
ł			Oc			en.	Ar	pr.	
Ì	43M A	F.360;	35			_	_	_	F.364
ŧ,	ABN C	F.360; F.360	55 53	7.10	,		_		
٠	ABN P			7.10	_	-	-	, -	F.171.50
Ì	AH P	F.170		(5,20)	-	10.50	_		:F.171,50
¥	AKZO C	F.70	54	8,50	35	10.50			F.74.80
٩	AKŽO Č	E BO	155	3.70	34	6.40	· 20	. 9	"
ì,	AKZO C	= 90	0.2	: 1.20	. 13	2,60		: _	
۱	ARZU V	F.90 F.70	94 152	2.20	: 13	: 220 .	_	_	~
ħ	AKZO P	F. 10	LJa	, <b>2.2</b> 0	-7	. 5.5.		-	. "
ŧ	AKZO P	F.80°	20B	8.10	54	8.50   5.30   3.30		_	
Ì	AMIRO C	F.60:	38	. 4	50	· 5.30	_		F.60
ķ	AMRO G	E 46'	68	1.90	: 31	3,30	20	1 4,40	
Ŋ,		E 55	12			: 1.60			, ,,,
×	AMRO P	F.50	12 64	:		1.50	_	1 =	, ••
ŧ	AMRO P	F.60	64			٠.			F.12B.BO
H	HEIN C	F.120		13,50		·	~	i –	F.128,90
۱	HEIM C	F.130	53	7.60		:	-	i ~-	
۱	HEIN C	F.140	66	3.70	7	7.40	Ξ	! _	,
Ì		20.				1 :	_	I _	, 17
h	HEM P	F.130	98	; 4,80 <sub>1</sub>	_		_	' -	٠, ,,,
۱	_		- **		40				
ŧ	HOOG C	F.35	48	2.70	, 12	4.30	-	_	F.84.50 <sup>1</sup>
ŧ	HOOG C	F.40	33	1.80	! =	= 1	_	! -	
ķ	KLM C	F.150	118	15.50	I -	i _ :	_	' _	F.157.30
۱		P20	47	10.50	-	16	_		
۱	KLM C	F.160	97	- 10	:		Ξ	. –	•
Ŋ,	KLM Č	F.170	220	6,60	10	10.80	_	· -	,,
4	XIM C	F.170 F.180	91	. 4			_	_	
Ŋ,	KLM P	F.140	22	1,80	3	2.80 B			.,
k		r			-	:	_	_	
ħ	KLM P	F,150	64	3.50	J 7				. ,,
ŧ	KLM P	F.160	326	8.50 B	. 4	10.50	10	15	
ų	MEDLC	F.100	133	4.80		- !		1 =	F.98
ķ	MEDL C			; ,	35	13.50	_		
Ħ	NEDL P	F.110	=	: -= ;		110,00	~	i -	
۹	NATN C	F.170	25	18 ;	33	14,50	-	: —	F.173
4	PHIL C	F.40	96	8	_5	9.80 A	_	: _	F.46.10
	PHILC	F.45	149	4,20	33	: 6.BO	27	. 8	
Ę			604	2.20	141	3,80	'		, "
	PHIL C	F.60		3.AU ,		1 505		. –	. 11
	PHIL C	F.55	456	1.10	56	8.30 A	= :	· =-	: "
4	PHIL P	F.40	79	0.70 }	10	7.20			
		7.45	642	2.30	76	2.70			. "
	PHIL P	7.40			iŏ	5.70		. –	۰ ,
	PHIL P	F.50	111	: 4,80	į 10	6.70	_	_	,,
						•			
٩	SD C	F,130	103	. в.	129	· 12	40 !	15	F.130.40
4		r,		3.70	. 161	7.50	~ ;		F,200570
4	RD C	F.140				1.00	_	· -	-
4	RD Č	F.150	127	1.70 i	<u> 66</u>	3.60		· -	. "
٠	RD P	F.120	59	1.20 .	865	2,50			
4		F.130	125	4.70	. 005	-, 6 .	82	7.50	
2	RD P	1.100	it.	7.1%		• •	-	3.00	
4	RD P	F.140	42	. 10 B	-	_	_	_	•
ŧ	ÜNILC	F,240	36	. 5,60 .	_	_			F,233
ŧ	UNIL P	F.220	114				-	_	
4			***	7.50	. 10	10	_		F.144.40
4	EOE C	F.145	5 17			- 17	_	-	F.144,4U
4	EOE C	F_150	17	4.30	4	8,50 A	- ,	-	
4	EOE P	F.14D	ĪÒ	2.20	2	3,70	_	_	_
4		F,145	-5	3.50	15	5.70	-	-	
ŧ	EQE P					- •	_	_	
	TOTAL VOLU	UME IN	CONTE	ACTS:	10,778	i			1

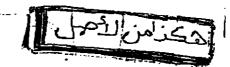
_	1			ALLS	_		PUTS		·						<u>'—</u>
ı	П	Option	Oct.	jan.	Apr.	Oct	. Jan.	Apr.	Option	Nov.	Feb.	May	Nov.	Feb.	May
ı	П	Brit, Petroleum (*			!	<del></del>	ı—		Imperial Group (*1 110	28; ; 19	. 23	25		. 2	! 21
. 1	Н	360 390	36	76 48	58	112	.1 7	14	120 150	912	14	17	2 ts	4 9	10
. 1	П	420 460	8 112	26	34 18	38	20	30 52	LASMO (*276)		<u>' '</u>				1 10
ı	Н		·					<del></del>	300 330	10	23 12	30 18	32 58	37 63	45 68
1		500	1 5	42	58	24	40	47	360	2	6	11	88	90	95
1	11	550 600	112	22 10	32 16	72 122	80 125 175	90 130	390 Loarho (*97)	I le	3	6	118	120	120
1	1	660	1 1	3	7	122 178	175	177_	90	10	14	16	2	3	5
1	11	Courtaulds (*92)	25						100 110	31 <sub>2</sub>	8	9	14	9 16	111
ı	П	66 76	16	20		012	2	] =	P. & O. (*225)						
1	▮	86 90	_6	11	12	1 1	318	5 Lg	180 200	46   27	<del>49</del>   33	40	1 2	3	1 4
ı		98 100	] 1	6	615	5	10	13	220 240	9	20 12	27 17	5 20	8 24	10 25
ı	1	110	012	212	312		21	22	Racal (*195,			<u> </u>	1 50	2-7	. 23
ı [	ij	Commercial Union	1"158:						180 200	20	28   16	54   34	15 15	17	120
1	1	130 140	19	24	28	D12	4 13	5	230 250	112	5 3	34 11	37	37	38
1	1	160 180	212	10	14	5	13 26	) 38 29	R.T.Z. (*574)	1		6	2	57	<u> </u>
ı	Н		1 1		1 9-2	1 67			500 533	82   52	95 74	-	8	7 18	i —
ŧ	Н	G.E.C, (*185) 180	1 7	20	52	3	l .9	14	550	37	62	84	12	27	40
ı	П	200 220	1 1	10	17	17 37	19 37	22 37	583 600	20 9	42 27	54	27 35	42 58	62
)		240	ī	2	6	57	57	57	650 700	1	14 5	32 12	80	85	87 132
ı	Н	Grand Met. (*308)							Vaal Reefs (*\$100)			- 10	130	132	2011
. 1		500 530	9	28   13	22	25	35	1B 40	100 110	41g	111 <sub>2</sub>	14½ 10	, B, .	1212	161
, [	П	360 390	012	4	9	55 85	56 85	60 88	120	D12	410	7	141 <sub>2</sub> 92	19 27	221
) <b> </b>	H		1 04			. ~			130 140	012	2 1	4 213	32 42	35 43	35   431
ı	Į	1,C,L (*552) 420	136	146 106		, 1	1 3	ı –			ALLS			UTS	
ı	Ħ	460 500	96 56	106 70	76	1 2	5	14	Option	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.
1	H	550	7 '	37	44 23	48	21 58	32 66	Beecham (*300)						
1	П	600	112	16	<u> </u>	1 40			300 I	22	33	45	14	18	25
ı		Land Securities (*	309:   29	38	ı 44	112	, 4	7	330 355	12	18 8	25	36 55	43 60	47
ı	П	300 330	9	22	90	24	19 28	15 32	Bass (*301)						
1	H								300 330	18	24	34 18	14 36	19 38	22 42
ł	11	Marks & Spencer 180	(*196) { 16	24	1 29	. 1	1 4	1 5	De Bears (*8777)	<u> </u>				- 30	42
ı	!!	200 220	2 054	12	16	6 25	11 27	15 29	750 800	67 37	92 52	105 75	25 47	40	52
	ł			<u> </u>		- 50			850 .	22	42	55	85	65 105	85 120
1	Ħ	Shell Transport (*)	658: :100 :	110		1 1	2		900	8	18	35	130	150	155
I	Н	500	60	72 30	40	1 կր 3	16	22	Guest Keen (*164) 160		21	26		8	12
ı	H	650 600	12	10	20	1 44	50	54	175 180	6	11	_	14	_	l –
Į	16	650	! 1 !	4	) B	64	96	100	200	2	14 ,	15	 38	9	23
			- C	ĀLĻŞ			PUTS		Hanson (*212)						
. •	H		1 <del></del> /	feb.	May	Nov.	Feb.	May	200 220	19 B	26 13	34   21	15	7 15	111
ı		Ontion	Nov. !			—		_	Tesco (*162)						1
		Option	Nov.			•									
		Barciays Bank (*43	 4, 25	<u> </u>	50		18	25	160 1 180 1	16	21   11	26 I	8 1	18	15
		Barclays Bank (*43 420 460 500	 4,	42 20 10	30 16	35 70	4D 70	47 75	180 ) Oct. 24, Total Com	6 tracts	11 }	15 Call	23 812	24	26
		Barclays Bank (*43 420 460	  4,   25   7	42 80	30	35 70	4D 70	47	180 ) Oct. 24, Total Com	6 tracts	11	15 Call	23 812	24	15 26 3 526
		Barclays Bank (*43 420 460 500	  4,   25   7	42 20 10	30 16	35 70	4D 70	47 75	180 ) Oct. 24, Total Com	6 tracts	11 }	15 Call	23 812	24	26

				1		Vee erg		- 1	Mon	Fri	Year
99 [	ALL-SHARE INDEX (750)	428.87	85		5.01	- 1	430.95	452.65	426.58	426.94	374.7
92	Overseas Traders (14)	465.02	-10	7.90	811	19.18	467.91	472.97	463.79	464.53	373.0
n l	Milging Finance (4)	273.53	+0.1	10.14	5.34	32.98	273.32	271.45	264.59	266.02	229.5
ñ	lovestment Trusts (108)	425.00	96	_	4.20	-	<b>427.39</b>	4537		428.56	301
70	Other Financial (18)	223,42	-17	1247	6.03	9.66	.227.18	227.86		227.58	100
	Property (54)	463.13	-03	6.27	4.06	21.28	44.58	6122		455.84	瑰
66	Merchant Banks (12)	186.12		_	4.99	_	126.06	145.32		194.84	151
<b>5</b> 7	16Surance Brokers (7)	566.77	-0.3	11.98	5.13	12.44	558.54	SEASI		562.46	562
ا <u>‱</u>	Insurance (Composite) (10)	220.78	+0.3	<u> </u>	6.96	1 - 1	220.18	225.02		218.36	174
65 I	Insurance (Life) (9)	440.10	-0.7	_	531		403.00	651.54		43251	351
62   63	Discount Houses (8)	297.19	-0.1		913	_	297.52	295.72		2%,93	339
ᅛ	FINANCIAL SROUP (124)	325.75	-1.9	26.36	7.83	434	331.94	334.0			253
59	500 SHARE INDEX	319.02	-0.7		6.01	11.07	221.34	324.67		373.86	2
52	Oils (15)	464.53	-0.4	10.46	4.80	11.87	466.54	467.47			400
		961.73	-0.3	1171	6.20	18.37	164,88	771.93			74
96	INDUSTRIAL CROUP (485)	418.96	-0.5	18.29	4.49	12.25	620.87	427 32		417.49	32
45	Shipping and Transport (14)	490.84	-03	2.50	4.22	13.66	492.46	495.20		492.25	377
44	Office Equipment (6)	719.61	-10	7.96	5.64	17.89	725.60	73.57			5
12	Chemicals (3.5)	98.33	-0.4 -1.3	9.90	5.22	12.72	99.58	98.66			
11	OTHER GROUPS (84)	536.48	-0.5 -0.4	8.43	4.72	15.53	532.98	542.73			35
39	Other Consumer (9)	433.20 374.04	-0.5	8.62	461	14.60	375.86	377.73			27
36	Tobaccos (3)		-1.0	23.56 5.88	4.81		437.4	428.47			30
35	Textiles (20)	202.68 423.06	0.5 0.8	12.92 23.56	5.75 7.52	4.75	23.70 26.40	419.47			457
34	Stores (47)	379.49	+0.1	8.55	4.82	15.81	379.28 283.76	203.50			35 173
33	Packaging and Paper (14)	189.66	-1.2	19.86	. 525	11.35	191.38	190.33 330.53			14
32	Newspapers, Publishing (15)	917.91	-8.7	9.34	5.19	32.88	925.33	924.33			5
29	Leigure (23)	552.54		9,12	4.92	14.09	55L77	559.55			43
27	Health and Housebold Products (9)	704.53	-0.6	6.46	3.03	18.38	785	709.37			610
26	Food Retailing (13)	939.67	-3.8	7.78	2.72	16.55	949.46	96L09			78
<del>-</del> 5	Food Magufacturing (22)	337.16	<b>-0.8</b>	13.65	5.97	8.55	339,78	339.68			311
22	Brewers and Distillers (23)	422.08	+0.1	13.27	5.41	9.41	421.46	419.00			402
22	CONSUMER GROUP (198)	438.34	-0.4	19.96	4.68	11.17	419.97	438,94	433.49	G4.79	38
10	Other Industrial Materials (16)	511.42	-0.6	6.05	4.58	22.84	534.33	513.82			36
5	Motors (18)	107.66	-0.4	142	4.95	[	108.04	106.94			7
8	Metals and Metal Forming (9)	153.14		12.33	7.66	9.81	154.55	154.42			126
- 1	Medianical Engineering (59)	186.57	-0.4	12.94	6.04	9.56	197.28	185.66			19
5	Engineering, Contractors (10)	426.75	-0.4	14.04		9.85	408.27	418.91			1
3	Electricals (38)	1547.46	-0.5	8.52		15.24	1554.69	1572.2			
2	Building Materials (24) Contracting, Construction (29)	659.65	-11	14.17	539	8.84	667.38	675.70			69
	I 11-4 11-4 17-43	420.76	-0.6	] 11.15	4.90	13.29	423.24	424.59	1436.7	419.42	37

	F	XED	INTE	REST				AVERAGE GROSS REDEMPTION YRLDS	Mon Oct 24	0ct 21	Age (Approx)	
_	PRIÇE IMDICES	Mas Oct 24	Day's change %	Fri Oct 21	ust adii. today	nd adj. 1963 to date	1 2 3	Bestich Government Low 5 years Coopers 15 years	9.81 10.16 1.89	9.80 10.13 9.25	\$.27 9.65 9.82	
1 2 3	Syears	138.78	-0.65 -0.20 -0.26	116.65 130.67 139.14	- -	9.87 11.74 12.19	456789	Medium 5 years	11.15 10.92 10.36 11.26 11.09 16.44	11.11 19.85 10.35 11.26 11.65 19.41	10.56 10.59 10.24 14.45 10.32 10.33	
4 5	An Stocis	151.88 128.51	-817	73823 1252	-	8.96 11.22	12		9.86 11.81	11.86	9.84 21.49	
6	Deletine and Later	105.14	+0.51	104.82	-	9.06	별	15 years	11.92	11.95	11.65	
_	B	79 10	-014	78.00	_	i 5.97 i	114	Preference	12.54	12.5%	12.47	

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents t auditable from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 48Y, price 15p, by post 28p





Financial Times Tuesday October 25 1983 31 INDUSTRIALS—Continued INVESTMENT TRUSTS-Cont. LEISURE—Continued PROPERTY—Continued OIL AND GAS-Continued - or Dev | Trad | P/E | High Law | Price - Net C'w Gr's P/E | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | 1402 | Proce - Net G'er Sir's P/E - Det Gran Gary Fablon & Gen. So
Fed Clorette Aven
Ferri Scot. Am.
Flemming American
Flemming American
Flemming Enterprise.
Flemming Far Eastern
Flemming Far Eastern
Flemming Far Eastern
Flemming Japanese
Do '8 Flemming Far Eastern
Flemming Japanese
Do '8 Flemming Far Eastern
Flemming Unipersal
Foreign & Col.
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Do . Cop., 21go.
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Fordinness Inv.
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Fordinness Inv.
Gen. Scottrol.
Gen. Scottrol INTERNATIONAL LIMITED NEW-ERA INVESTMENT **AND UNDERWRITING** OFFICES WORLDWIDE 3 Gracechurch Street EC3V 0AD Telephone (01) 283 8811 - 10 mg.5 - 3 05 - 10 mg.5 - 3 15.75 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 13.95 - 12.0 - MINES—continued

State | Price | - ar | Brit. | MOTORS, AiRCRAFT TRADES | MOTORS, AiRCRAFT TRADES | Motors and Cycles | Motors | Motor 900 | 590 | 120 | 85 | 122 | 98 | 825 | 230 | 650 | 450 | 102 | 70 | 57 | 334 | 18 | 205 | 132 | 44 | 264 | 264 | 262 | 236 | 106 | 76 | 370 | 300 | 300 | 300 | 76 06 SHOES AND #20.0 #20.0 21.0 15 10.7% #011ic 10.0 10. 200 123 11. 410 575 16 215 68 46 500 290s 205 50 115 129 250 **TEXTILES OVERSEAS TRADERS** Miscellaneous 27 76 173 124 172 268 36 96 50 85 145 145 74 385 23 170 | 40 90 | 34 93 | 54 172 | 60 530 | 315 240 | 170 215 | 203 £244, £18 495 | 305 672 | 437 £147<sub>2</sub> £108 190 | 13 -5 ±060c -5 ±060c -7 ±060c -7 ±17.0 -2 ±17.0 +12 ±17.0 +12 ±17.0 For Southwest Re 750 |312 | \$\psi Tara Exptr \$1 ... | PARTICULAR | PAR NOTES 6 10 9.7 PLANT/
12 1.5 Rubbers,
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# FT FINANCIAL SERVICES CONFERENCE Money services must follow the contours of the new landscape

'Banks will face intense competition from the non-banks ... there will be

innovation' gan Administration in the summer and would attempt to give everyone in the financial services industry a

a scramble

for product

vested interest in it. He noted that the Fida would broaden the definition of a bank to bring non-banks within banking supervision, would require banks to form holding companies if they wanted to diversify and would allow banks such areas as insurance and

property investment.

Mr Smith said it was unlikely that a law would be passed in the near future to remove geographic restrictions to branch banking in the U.S., but he noted there was a trend towards regional groupings such as the New England states, which now allowed a measure of

inter-state banking. Mr James Larkin, president of American Express Europe, claimed that as the barriers between different financial service industries were falling, the banks' new

nancial conglomerates, such as business of making life simpler for American Express, but mega- their customers and the banks were American Express, but mere unencurrence and the contract of th

tems and franchises, he said, they were in the process of eliminating the individual identities of banks. On the other hand, organisations such as American Express allowed banks to do business with them without losing their identities.

The way forward in the financial service revolution, he said, key in providing an excellent product, mrvicing it well and joining up in networks with other organisations to exploit common strengths.

The important thing, he said, was

to strike a balance between competition and co-operation.
Mr Jacob Rothschild, chairman

of J Rothschild and Co and of RIT and Northern, described the funancial services business as one which traditionally has shown a rather conservative face to the world," but "the rules by which London has so. successfully played the game are being rewritten by our international competitors."

He said the financial industry would have to come to terms with the electronic society and the new linancial conglomerates, offering an extensive menu, including insurance, credit, options, money transfer and many other services.

The London institutions were facing competition from very much larger forcign firms

If London was to compete it had to show that its markets were liquid child called for changes including the abolition of stamp duty on share dealings, discontinuing the stock exchange "closed shop" and ending the single capacity system. Mr Mark Weinberg, deputy chair-

man and joint managing director of co-operation between them was a Hambro Live Assurance, said finan-

By drawing banks into their sys- ung integrated services within live years. In the mountains there were opportunities for smaller compa nies to find a niche for themselves before banks get a stranglehold on the upweale market which seemed

to be most productive. Hr John Breaks, deputy group chief executive of Milliand Benk, described how British banks would respond to the financial service revolution, which he said was happening because of the breakdown of regulatory barriers, new technolo-Ry. aggressive marketing and

changing customer attributes.

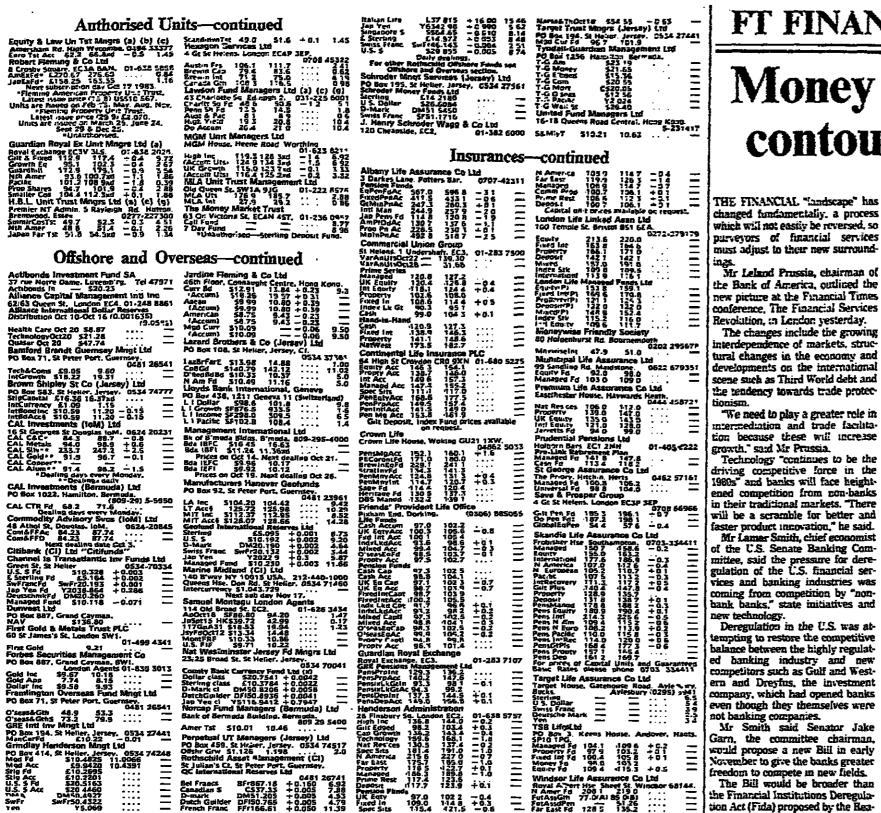
Banks, he said, were relating more closely to the customers' re quirements and needs. He listed three elements of bank strategy: Identifying customers' needs. Developing services to men

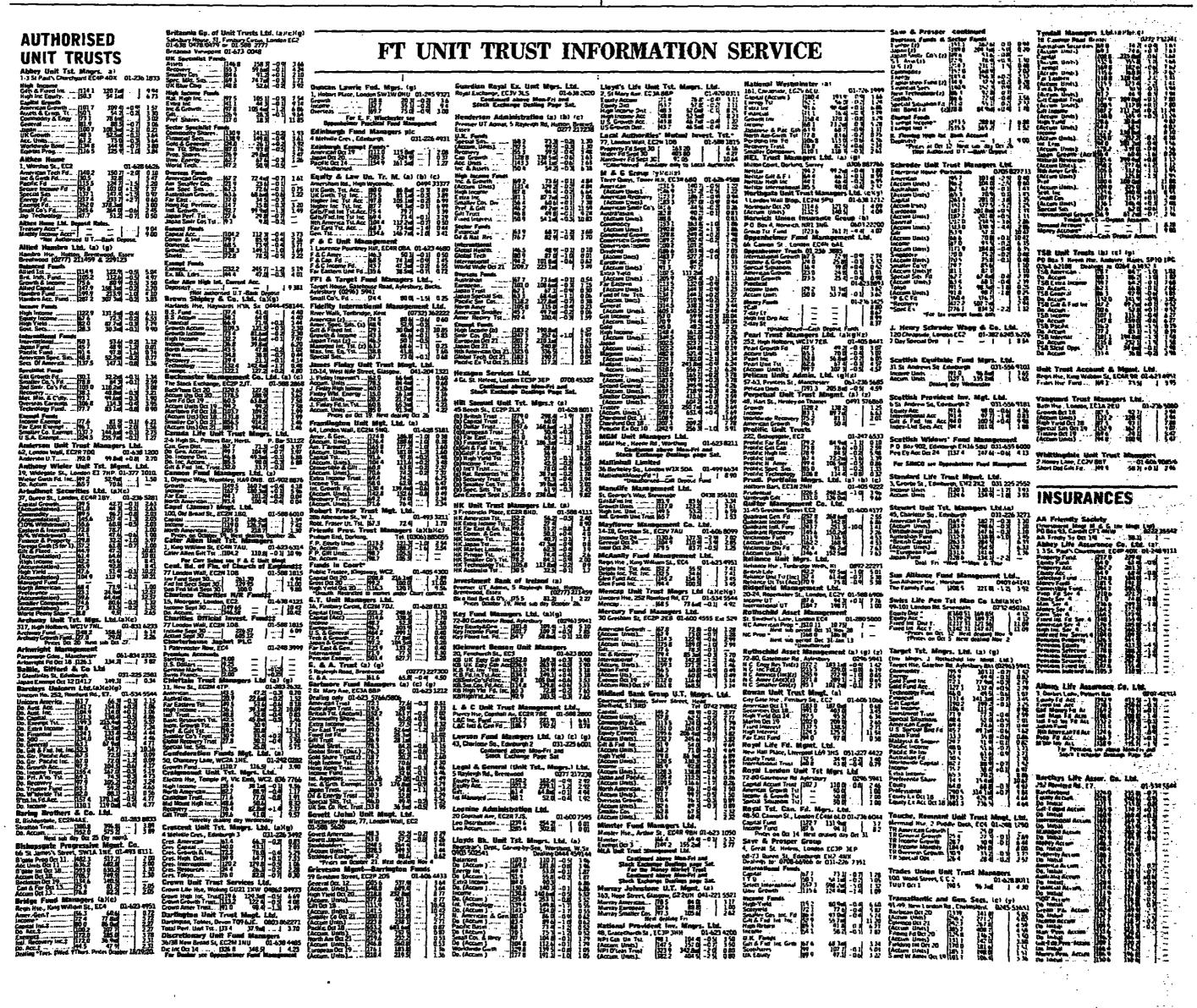
Comparing those services at a

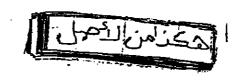
profit. Ultimately, he said, banks would supply services in the home through television acreens. Wideprobably still some years off, but it could provide one of the more im portant developments in personal banking during the next decade or

of the board of managing directors of Deutsche Bank, said German banks believed banks should better enough to attract trade. Mr Roths- exploit their traditional competitive edge - the personal or human dimension as a viable alternative to

banks did not lose the untrative in the retail market of the 1980s and way to avoid a costly and unprofit cial institutions should be in the table fragmentation of that market.







Tollow Landsca Financial Times Tuesday October 25 1983 ANCE & UV.

| Compared to the control of the contro **INSURANCE & OVERSEAS MANAGED FUNDS** | Pacific Brisis National Life Assurance Co. Ltd. | 177, Feecharch St. ECSM SOV. | 01,498 6733 | inclination of the property | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 12,5 | 1 British National Life Assurance Co. Ltd. Hartands Rd. Haywards Heath. 0444 41411 Managed 1229 123 132 - Control Life 1225 135 2 - International 1225 135 2 - Control Life 1225 | Brinderstation Tel. | 12.3 | 17.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 ### Company of the Co Capital Asset Managers Line State Say Controller 7.

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# U.S. producer lifts zinc price

further boost last night when Beirut bombings over the week U.S. producer Amax announced end. Prices opened higher in it was lifting its domestic early dealings, but soon fell selling price in the U.S. by back when buying interest 3 cents to 49 cents a pound, fizzled out, effective immediately.

by several producers that they were increasing their official European zinc quotations from \$880 to \$925 a tonne.

The move by Noranada, the big Canadian zinc producer, last selling in copper. The market week to lift its European price was also depressed by another week to lift its European price to \$935 has been rejected by other producers including Cominco of Canada, which have including preferred to follow Pennaroya's decision on Friday to go to

it was "prepared to accept" a silver holdings by 320,000 to base price of \$915 has also gone 37.690,000 oz. up to \$925.

the Exchange the three months zinc price closed £3.5 down at £603.75 a tonne but recovered last week. in after hours trading to £605, close to the nine-mouths highs resched on Friday.

reducing total holdings to Other base metal markets tive selling. Nickel stocks fell failed to respond to the worsen- by 372 to 25,506 tonnes.

THE ZINC market received a ing Lebanon crisis following the

This followed announcements Exchange, higher grade cash y several producers that they copper closed £8 lower at vere increasing their official £957.5 a tonne.

The lack of reaction in gold and silver markets to the Beirut bombings triggered off further rise of 4,275 tonnes in copper stocks held in the LME ware-houses, lifting total holdings to a five-year peak of 409,775

Tin stocks increased too by Billiton, which said last week 200 to 41,950 tonnes and LME There was considerable dis-London Metal appointment in the lead market three months zinc that warehouse stocks dropped

by only 6,350 to 191,725 tonnes Some traders had been forecasting a decline of 20.000 tonnes in view of higher prices in the U.S., attracting ship-Zinc stocks held in the in the U.S., attracting ship-London Metal Exchanges fell ments across the Atlantic. last week by 1,400 tonnes Aluminium stocks fell again. by 5,950 to 236,075 tonnes, but prices lost ground on specula-

### Concern at cocoa decline

LIBREVILLE—The Cocoa Producers' Alliance (CPA) wound up a five-day meeting here, expressing concern at lower producers at lower producers. duction among member coun-

A joint statement said dele-

PRICE CHANGES =

Akuminium ...... £1080 ....... £1050 Free Mkt........ \$1570, 1600 ....... \$1575,605

LONDON OIL

SPOT PRICES

Oct. 24 + or Month

-0.76 \$151.50 -0.50 £285.70 -2.50 £285.70 +7.7 783.75p +7.45 801.85p

879:83

be around 360,000 tonnes, up from 355,000 the previous SEASON.

in the years ahead, and recently concluded harvest.

Oct. 24 + or Month 1988 - ago

+5.0 \$988 £521.60 ;+5 £690

+3.5 S372

### **UK** vessels increase fishing catch

BRITISH fishing vessels in-creased their catch last year to 775,000 tonnes, a 4 per cent rise on the 745,000 tonnes the pro--from £229m in 1981 to £261m. in 1982. Details were publishel yester-

day in the 1983 edition of Sea Fisheries Statistical Tables, available from HMSO for £10. Meanwhile, water authority officials have blamed farmers for the dramatic decline in numbers of young salmon on the Torridge River in North Devon. They say slurry and silage has killed thousands of fish and deterred others from spawning in the Torridge.

SEPTEMBER milk production is estimated at 911.7m

litres, up from 911.5m litres at the same time last year. ● EEC PROPOSALS for cutting farm output could lead to farmers becoming "inefficient and disenchanted." Milk Market-Roberts criticised the negative approach of politicians

thought only of controlling supply and did nothing to stimulate demand. BRITISH scientists have developed a new race of super-sows. The sows, all pure bred large white or Landrace pigs, have been producing 33 piglets a year—13 piglets a year higher than the national average. INDONESIA has formed a provisional executive board for

a new National cooking oil producers' association. A NEW SET of specifications will apply to Indonesia's standard rubber from December. It will lay down maximum levels for nitrogen content

PHILIPPINE coconut exports fell 7 per cent in the first nine months of this year to 1.29m tonnes, compared with 1.39m tonnes in the same 1982

The full Commodity Markets

Service was not available for this edition due to technical

problems

**BASE METALS** 

Fumover: 8,325 tonnes.

ZINC

# Mill closures highlight Caribbean sugar industry crisis

Government to close its seven sugar mills illustrates a deepening crisis within the cane sugar industry in the Commonwealth Caribbean.

The industry, once vital to the region's economy, is faltering under the weight of still increasing debts, caused by weak markets, poor weather vious year. The value of the and by inefficiency. Production catch increased by 14 per cent has been falling steadily. Except for Belize, the crop

which has just ended in the région has been a bitter harvest. Production targets have been missed, and by more than the proverbial mile. The low output could not have been more inopportune. National coffers are depleted. Even in the case of increased production, there is no guarantee of more money. Belize last year earned \$35m (£23m) from shipments of approximately 100,000 tomes. Farnings in 1981, from just

The sector in the Englishspeaking Central American crop returned \$6,000 tonnes.

country this year yielded 114,000 tonnes, an increase of 2,000 tonnes on last year. But there are problems. Tate and Lyle, which runs the industry through its subsidiary Belize Sugar Industries, wants to reduce its 90 per cent shareholding to 15 per cent. The sugar cane farming community is reported to be uneasy at the

This has not prevented plans for increasing yields in the next crop. An effort to rehabili-tate fields affected by smut disease is under way, aided by a 52.2m loan from the Commonwealth Development Corporation. About 15,000 acres will be

Caribbean, shortfalls are pre-dicted for Guyana, whose rated capacity of 450,000 tonnes per year was slightly reduced last the country's 10 mills.

year with the closure of two of The industry is hoping that the country's two crops will yield 300,000 tonnes. The first Canute James explains why production is falling

against a 100,000 tonnes target, but there are hopes for duplicating last year's second crop of 200,000 tonnes. Barring strikes and poor weather, the second crop should reach this target.

To the porth, the abversal slump in production in Trinidad and Tobago continues. This year's target of 102,000 tonnes was missed by 24,800 tonnes. The crop yielded 2,000 tonnes less than last year's actual out-At the other end of the put. It was affected by a late start as field workers protested at a delay in payments for the previous crop. This was com-pounded by widespread arson which destroyed hundreds of

The industry has not updated its figure of two crops ago when it was losing about \$800 on

year, which was described by which the Government pumped into the sector last year, in an effort to lift milling to 120,000 tonnes, which the sector says it

The \$149m secumulated debt of the industry in Jamaica, which was inflated by a \$28m loss on this year's crop, proved

every tonne milled. The too heavy. The state-owned Government's concern at the National Sugar Company, in viability of the sector was indi- closing its arranged mills arranged to the sector was indivisibility of the sector was indi-cated by the conversion of 12 a phased responing after eight per cent of case fields to food production.

But the pace of this pro-will be restarted.

gramme is likely to be determined by a social dilemmanabout 20 per cent of the country's work force is dependent on the sugar industry.

The Barbados crop also failed to meet its target. The yield, at 85,000 tonnes, wax 5,000 tonnes off the mark. This was the same level of output last the same last the same last the same last the closures will mean a notional capacity of 400,000 tonnes a notional capacity of 400,000 tonnes and the same last the s

Agriculture Minister, has said the industry's leaders as being the Government will not abau-the worst in the past three don the industry, despite the decades. There was nothing to growing debt. This intransi-show for the \$10m in support gence is explained by two factors: sugar last year shored up Jamaica's depressed bard currency reserves by \$102m according to the minister; and the industry amploys 11,000 workers, about 1 per cent of the

work force in a country where unemployment, according to official figures, is 27 per cent.

March date for

pigmeat market

OPENING DATE for the pro-

OPENING DATE for the pro-poord Louden pigment butures market has been set for March 16, it was announced yesterday. Mr Faul Elmot, chairman of the formation committee of the new market, said it had been supported by all sectors of the industry The market is to be boused

启 新耳科

adom

By John Edwards

A joint statement sain gates from the CPA's 11 members reviewed the recent trends some 160,000 tonnes in 1983/84, some 160,000 in the gates and prospects down from 180,000 in the

Graina
Barley Fut. Jan 5119.80 -0.10 £119.35
Maize £146.00 +1 £144.50
Wheat Fut. Jan £124.00 -0.25 £122.60
No2 Hard Wint: \$

† Unquoted. w Nov. u Dec. v Jan. x Oct. Nov. y Nov-Dec. † Per 76 lb flask. \* Gbana cocoa. n Nominal. c Cents per pound.

In Luxembourg the 121 kilo bar was fixed at the equivalent of \$396.50 per ounce, against \$394 on Friday.

In Zurich gold finished at

LONDON FUTURES

compared with \$392-

GAS OIL FUTURES

### Salad growers plan co-op

By Barbara Dalzell

HOME GROWN SALADS (HGS), a co-operative con-trolled by growers, is to be launched on January 1.

HGS has 80 growers based in East Anglia. They come from the specialised produc-tion areas at Foxash, Fulney, Fen Drayton and Newbourn and were previously mem-bers of the Land Settlement Association.

It will market letinces. celery, tomatoes, peppers and courgettes — worth £4m at

present levels.

HGS, which will share the Canterbury offices and hack-up facilities of Home Grown Fruits, will be applying for registration as a marketing and collecting centre under new National Farmers'

menths £1.060, 60.50, 61, 60 50, 60, Kerb: Three months £1.061, 61.50, 62, 61.50, 61, 60, 59, Tumpver: 15,125

MICKEL a.m. + or p.m. - or Official - Unofficial -1

Spot ..... 3180-90 -52.5 3166-7 3 months 3250-60 -50 3236-9

### Malaysia urged to raise rubber output

tive in the medium term.

Commercial stocks held in

Malaysia have declined by about 100,000 tonnes to 199,645

270,000 tonnes held by the Inrobuffer-stock manager.

Tax concessions were given

once again to the Malaysian rubber, pepper and tin indus-

tries in the 1984 budget, but

The threshold price for the

exporters of crude palm kernel

oil will pay a higher duty.

For natural rubber, demand

COMMITTEE, comprising tonnes in 2000 compared with calculation of export duty for rubber has been raised from 170 cents per kilo to 180 cents which would save the industry 70m ringgit a year, while duty is now based on RSS 3 and SMR 20, by

the exclusion of RSS 2. Because the RSS grades are graded visually there are grounds for disputes and mai-practices. There is more incentive for producers, especially smallholders, to upgrade their rubber since RSS one commands a 15 cent a kilo price premium over RSS 3. tonnes between February and July but there are still another

To kive some relief to the depressed pepper industry, the export duty for black pepper now starts at 3,000 ringgit per toone- instead of 2.810 ringgit, Palm oil output is expected at 3.7m tonnes (plus 12 per cent), and the price is estimated at

1,020 ringgit per tonne.

The market is to be bessed in the Baltic Exchange, next door to the highly successful potato futures market. It will have six quoted delivery months and trade in lets of months and trade in lots of 50 carcases.

The Grain and Feed Trade Association, which is backing the pigment futures market, also amounted yesterday that a quality wheat grade A, will start trading on the home-grown grain futures market an Nevember 7.

BY WONG SULONG IN KUALA LUMPUR

A COMMITTEE, comprising Malaysian and foreign rubber experts, has recommended to the Malaysian Government to take steps "without delay" to increase rubber production in view of strong demand for natural rubber.

The committee, which was commissioned by the Government last April to make an indepth study on the future of tive in the medium term.

depth study on the future of rubber to the year 2000, yester-day submitted its final report to Datuk Paul Leong, the Primary Industries Minister.
Datuk Leong said the report

projected total rubber demand in 1990 and 2000 to be in the region of 15m and 18m tonnes respectively, compared to a demand of 11.6m tonnes in 1982.

is expected to be about 5m tonnes in 1990 and at least 6m

### TURKISH INDUSTRY

A FINANCIAL TIMES SURVEY

**DECEMBER 19 1983** 

The Financial Times is proposing to publish a Survey on Turkish Industry in its issue of December 19, 1983. The editorial coverage will include:

INTRODUCTION The overall economic and political framework within which Turkish industry operates. Attempts to open up the economy in recent years and to end bureaucratic interference in industry. The changes as Turkey moves forward from the November elections.

Editorial coverage will also include:

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FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER** 

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	barrel) 60-28,70	
	60.28.70	_
1-		· +0.
	00	
Arabian Heavy26.	65-26.65	
	45-29.70	_0.
North Sea (Brent) 29.	70-29.85	
African(Bonny L'ht)29.	BO-00,05	

### **GOLD MARKETS**

Gold rose \$24 to \$3951-3964 on the London bullion market. It opened at the same level, and was fixed at \$396; in the morning, and \$394; in the afternoon. The metal touched a peak of \$3961-3971, and a low of \$394-

In Paris the 121 kilo gold bar was fixed at FFr 101.150 per kilo (\$394.14 per ounce) in the after-noon, compared with FFr 101,950 (\$397.61) in the morning, and FFr 100,500 (\$395.85) Friday

Susiness Done per troy In Frankfurt the 12½ kilo bar was fixed at DM 33,310 per kilo (\$397.01 per ounce), against DM 32,785 (\$395.01), and closed at \$3944.3954, compared with \$3934.3954. Oct. 24

\$408 4091e (\$2725. 2734) | King Sov \$211.2111e (£1405. 14114) | Victoria Sov \$1071e-1081e (£714.721e) | Victoria Sov \$44.443e (£8714.721e) | Sov \$4083e-4091e (£8721e.273) | Sov \$331e-34 (£521e.273) | Sov \$456-563e (£371e.273e) | Sov \$456-563e (£371e.273e) | Sov 895-96 (£6514-64) \$95-96 (£6514-64) \$7834-8054 (£5212-5834) \$4804-4863(£3204-3244) \$386 890 (£25714-26014 \$575-588 (£38312-89014

### Marginal lands complaint

union (NFU) marginal lands committee. "Help could be available if these lands were included in the European less-involved is very small and the favoured-areas directive.

FARMERS working Britain's current economic difficulties difficult marginal lands are the UK Government is prepared facing considerable financial to bear 75 per cent of the hardship despite Government modest costs involved.

willingness to help.

"The situation is intolerable," agreed to extend the UK less-favoured areas without dissent, yet the European agricultural

principle is already estab-"The Government recognises blished, so I can only assume the need to keep these farms that political objections are viable. Moreover, despite preventing agreement."

### BASE METALS BASE-METAL PRICES lost ground on the London Metal Exchange. Copper was marked up at the outset, snucipating a strong opening on gold and silver markets, but the failure of these markets to register substantial gains prompted persistent selling in copper which retreated to £979 before closing the afternoon Kerb at £983. Zinc fluctuated between £600 and £610 before closing at £505 following further European producer price rises and a surprise move by Amax to lift high grade prices by 3 cents to 49 cents a pound, Load was unsettled by a smaller than expected drop in stocks and closed at £291.5, after £290.5. Physical demand boosted standard Tin to £8.630 while trade support lifted Nickel to £3.540. Nickel — Morning: Three months (1.275, 40, 45, 50, Kerb: Three months (3.250, 45, 46, 46, 46, 46, 46, 47); Three months (3.240, 45, 40, Kerb: Three months (3.240, 35, Turnover: 822 tonnes. S!LVER SILVER Bullion per fixing troy az. pnce - p.m. Unoffic'i COCOA ligh Grde £ 1 € ! £ , <u>e</u> 948.5-3 -7.75 939.5-40 -8.7 964-6 -6.5 961.5-2 -8.5 943 -8 -71.5-5 ..... Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at 1985, 84.50. Kerb: Higher Grade: Three months 1983.50. Aftermoon: Higher Grade: Three months 1983.50. Aftermoon: Higher Grade: Three months 1980.79. 79.50, 80. 80. 50, 81, 82, 82.50, 82. Cathodes: Cash 1939.50, three months 1980.50. Kerb: Higher Grade: Three months 1981.50, 82, 82.50, 83, 84, 83, 83.50. Turnover: 19.350 tonnes. COFFEE 1910 12 1841-42 1785-87 1781-63 **GRAINS**

BRITISH COMMODITY MARKETS

NICKEL

Nov. 120.40 -0.80 115.50 -0.10 124.00 -0.55 119.80 +0.18 May 127.00 -0.40 122.76 -0.20 May 129.85 -0.25 124.75 -0.20 Sept. 117.75 -0.18 113.90 -0.18 Tin — Morning: Standard: Three months £3,616, 17. High Grade: Cash £3,710, three months £3,705. Kerb: Standard: Three months £5,615. 18, 20. Atternoon: Standard: Three months £3,623. 25, 27, 28, 29, 25, 27, 25, 20. Kerb: Standard: Three months £3,623, 25, 27, 29, 29, 25, 27, 29. Turnover: 945 tonnes. **POTATOES** Yestday's Previous I 

RUBBER

...Lead-Morning: Cash £225, three months £225.. 94.50, 94. 93, 92.50, 92.75. Kerb: Three months £225.50, 92. 93. Afternoon: Three months £233, 92.50, 92, 91.50, 91.50, 91.50, 92, 91.50, Kerb: Three months £231.50, 92, 91.50. 811-806 925-822 SOYABEAN MEAL close - Done 190,66 81,93 + 1,75 181,40,80 50 188,00-82,20 + 1,20 189,00 88,00 189,50-88,60 + 0,70 189,50 186,5 67,90 + 1,60 186,50,67,50 + 1,45

Zine—Morning: Three months £605, 04, 03, 02, 02.50. Kerb: Three months £602, 03, 02.50. Attendon: Three months £602, 03, 04.50, 03, 04.50, 04.50, 04.50, 05.50, 05.7, 06, 05.50, 05. Turnover: 10.250 tonses. ALUMINIUM Sales: 93 (406) lots of 100 tonnes. SUGAR Aluminium—Morning: Three months £1,060, 59, 58, 58.50, 59, 59.50, 59, 58. Kerb: Three months £1,099, 58.50, 59, 58, 57.50, 58, 59. Alternoon: Three

PROPOSED FINANCIAL TIMES SURVEYS

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17 February Electronic Components 28 March Electronics in Europe 24 April Computers in Banking and

Finance 13 June

Video and Broadcasting

12 October

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31 October Software and Services 8 November Mobile Communications 19 November Office Equipment

6 December

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FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER** 

The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor

Financial Times Tuesday October 25 1983

### CURRENCIES, MONEY and CAPITAL MARKETS

**FOREIGN EXCHANGES** 

### Money supply rise boosts dollar

Two factors dominated the foreign exchanges yesterday. The first was the rise of \$2.4bn in franc;
U.S. MI money supply announced SwFr 2.0
Friday, against expectations of 51bn and 52bn and 52bn

industry

TRY

Two factors dominated the foreign exchanges yesterday. The first was the rise of \$2.4bn in U.S. MI money supply announced Friday, against expectations of a fall in the region of \$1bn, and the second was renewed instability in the Middle East. Both contributed to a firmer dollar.

Any hopes that another fall in MI would encourage the Federal Reserve to ease its monetary stance were dashed, while to need disturbing to the U.S. in general, also had the effect of underpinning the dollar on the foreign exchanges.

Sterling received support. The pound has tended to move into the Middle East, particularly the claim by Iraq that it had escalated the war with Iran by mining part of the BOLLAR — Trade-weighted index also reacted to Middle East, particularly the claim by Iraq that it had escalated the war with Iran by mining part of the BOLLAR — Trade-weighted index (Bank of Engiand) 128.5 against 33.550; and Y350 from 128.5 against 122.4 six months age.

Gulf.

DOLLAR — Trade-weighted index (Bank of England) 126.3 against 122.4 six months ago. The dollar has retreated from the peaks touched in Angust, amid hopes that a sustained fall was imminent, following better money supply figures and a slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit. the substantial trade deficit. The dollar rose to DM 2.6065 from DM 2.5825 against the

OTHER CURRENCIES

22,38-22,45 1.6300-1.6820 1,195.65-1,202,35 8.4665-8.4825

THE POUND SPOT AND FORWARD

**EMS EUROPEAN CURRENCY UNIT RATES** 

+2.42 +0.21 +0.48 +0.20 +0.23 +0.20 -2.29 +1.53 -0.28 -0.01 -0.29 -0.26 -0.29 -2.29 Belgian Franc ...
Danish Krone ...
German D.Mark
French Franc ...
Outch Guilder ...
Irish Punt .....
Italian Lira ..... 8.14104 2.24184 6.87456 2.52595 0.72569 1403.49 8.15836 2.25257 6.88799 2.53168 0.727127

**CURRENCY RATES** 27.25 27.65 80.60.81,40 14.13.14.27 11.90.12,02 3.891-3.634 2865-2395 349 354 4.27; 4.41 10.96-11.06 185 213 2824-237 11.64-11.74 3.16-3.19 1.482-1.502 1.94-212 0.707680 1.06090

\* CS/SDR rate for Oct. 21: 1.31147.

st 24	spreed	Close	One month	p.a.	months	
	1.2690-1.2650 3.857-3.82 184.75-187.00 228.76-227.95 10.97-11.021 11.911-11.961 11.95-11.361 11.95-11.361 11.95-11.361 2.167-3.19 elgian rate is f	11.68-11.69 349'-360'- 18.31-18.32 3.17'-3.18'- or convertible	185-300c dla -	-0.19 3.41 0.15 -1.25 -3.23 3.84 -20.72 -12.78 -3.98 -3.98 -3.98 -3.98 5.66 franc	37-34 pm 2-12 dis 4:50-5.65dis 1.00-1.10dis 37-37- pm 690-1300dis 780-875dis 48-51 dis 10.15-11.10d 127-147.65s 7.85-8.50dis 2.50-2.30 pm 217-18 pm 80.80-80.90.	
FYC	HANGE C	ROSS RA	TFS			
	imide C	nicos im				

14,963-14,963 1,0675-1,0880 769,0-803,0 5,6510-5,6530 93,30-93,60 7,792-7,802 85,95 0,2908-0,2909 53,24-58,26 2,2455-2,2455 1,5070 1,6096 3,4800 3,4803

										_
Oct. 84	Pound Striing	U.S. Dollar	Deutschem'k	/аралеза Үел	FrenchFranc	Swiss Franc	Dutch Gulid	italian Lira	Canada Dollar	Beigian Franc
Pound Sterling U.S. Dollar	0.667	1,500	3,910 2,608	550.0 255.4	11,985 7,953	5,178 2,119	4,595 2,951	2579. 1586.	1,843 1,229	79,85 53,25
Deutschemark	0,256	0.594	11,17	89.51	3,050	0.818	1,124	608.3	0,471	20.42
Јаралезе Yen 1,000	2,857	4,284		1000.	34,07	9.079	12,56	6796,	5,266	228,1
French Franc 10	0.839	1.257	5,279	293,5	10,	2,665	3,686	1995.	1,645	66,96
Swiss Franc	0,315	0.472	1,231	110,1	8,758	1,	1,583	748,5	0,580	25.13
Dutch Guilder	0,828	0,541	0.890	79.64	2.713	0,783	1,	541.2	0,419	18,17
Italian Lira 1,000	0,480	0,680	1,544	147.2	5,014	1,836	1,848	1600.	0,775	35,57
Canadian Dollar	0.543	0,814	2,122	189,9	6,470	1,724	2,385	1291.	2,308	48,53
Belgian Franc 100	1.252	1,878	4,897	438,3	14,93	3,979	5,504	2979.		100,

-0.44 -0.11 3.07 -0.36 -1.43 -3.33 3.45 -21.31 -14.54 -3.86 -4.53 -2.74 2.74 4.72

### MONEY MARKETS -

### London rates unchanged

UK clearing bank base lending rate 9 per cent (since October 4 and 5) Interest rates remained steady on the London money market yesterday, refusing to react to the surprising rise in U.S. M1 money supply randounced on

money supply frazounced of Friday.

In New York the Federal Reserve announced the injection of \$2.5bn in liquidity to the New York banking system when Federal funds were trading at 9% per cent. The money was made available through repurchase agreements for customer account.

repirenase agreements for customer account.

The Bank of England initially forecast a money market shortage of £350m, but this was revised to £400m at noon, and later to £450m. Bills maturing in official hands, repayment of late ometal hands, repayment to take assistance, and a take-up of Treasury bills from Friday's tender drained £388m, with Exchequer transactions absorbing another £212m. These factors were partly offset by the usual following the next extension effection of the partly offset by the usual following the next extension effection effections. fall in the note circulation after the week-end, amounting to

Total help provided by the authorities during the day was

through purchases of £134m bank bills in band 2 (15-33 days maturity) at 9 per cent; £2m ties bought another £90m bills in band 3 (34-63 by way of £50m bank bills in money market by not replacing days) at 8½ per cent; £78m bank band 2 at 9 per cent; £4m bank bills in band 3 at 8½ per cent; £18m bank at \$2 per cent; £2m bank bills in band 3 at 8½ per cent; and £36m bank bills in band 4 (64-91 days) at 8½ per cent; and at 8½ per cent.

In Frankfurt call money was replaced LONDON MONEY RATES

Fine Trade Bijis o 914-94 914<u>-</u>813

ECGD Fixed Rate Export Scheme IV. Average Rate for Interest period September 7 to October 4, 1983 (Inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed, Long-term local authority mortgage rates nominally three years 10½-10½ per cent; four years 11 per cent; fixe years 11-11½ per cent. OBank bill rates in table are buying rates for prime paper. Buying rates for four months bank bills 8½ per cent; four months trade bills 8½ per cent.

Approximate aciling for one-month Treasury bills 9 per cent; two months 8½ per cent and three months 8½ per cent; trade bills one month 9½ per cent; two months 9½ per cent and three months 8½ per cent; trade bills one month 9½ per cent; two months 9½ per cent and three months 9½ per cent; trade bills one month 9½ per cent; two months 9½ per cent and three months 9½ per cent; france House Base Rate (published by the Finance House Association): 10 per cent from October 1, 1983, London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent. Cent...
Treesury Bills: Average tender rates of discount 8.8398 per cent. Cartificates of Tax Deposit (Series 6). De of £100,000 and over held under one month 92 per cent; one-those months 94 per cent; three-six months 94 per six-12 months 10 per cent. Under £100,000 94 per cent from October 6. Deposits held under Series 4-5 10 per the case for all deposits withdrawn for cash 8 per cent.

### INTEREST RATES =

**EURO-CURRENCY INTEREST RATES** (Market closing rates) 93<sub>4</sub>-101<sub>4</sub> 93<sub>4</sub>-10 64<sub>6</sub>-63<sub>2</sub> 11-113<sub>2</sub> 93<sub>4</sub>-97<sub>8</sub> 814.914 614.9 616.614 1012-11 912-958 10<sup>1</sup>g-10<sup>1</sup>g

FT LONDON INTERBANK FIXING

(11,00 a.m. OCTOBER 24) offer 9 M

NEW YORK GERMANY FRANCE Intervention rate

**SWITZERLAND** 

LONG TERM EURO \$ SDR LINKED DEPOSITS ECU LINKED DEPOSITS

S CERTIFICATES OF DEPOSIT

NETHERLANDS

Gilts and Eurodollars finished weaker on the London International Financial Futures Exchange following the unexpected rise of \$2.4bn in weekly U.S. MI money supply announced Friday. U.S. Treasury bonds had been firm before the money supply news, on hopes that the MI figure might be down by as much as \$35n, taking it below the Federal Reserve's target range, and leading to an easing of official monetary policy. Most estimates were nearer a minus figure of around \$1bn, but were still disappointed by the final result, with traders pointing out the difficulty of arriving at a reasonable estimate on a weekly basis after several weeks of very inaccurate forecasting.

No change is now expected in Federal Reserve policy in the

ground.

JAPANESE YEN — Trading range against the dollar in 1983 is 246.96 to 226.80. September average 242.44, Trade-weighted index 152.8 against 146.6 six months ago. The yen was recovering slightly faster than most European currencles against the dollar, but has been nervous recently ahead of the Government's economic package. A cut of 1 per cent in the Bank of of i per ceut in the Bank of Japan's discount rate was expected, while the package amounced is designed to boost

the domestic economy and not lead to a depreciation of the yen. The yen weakened against the dollar in Tokyo, but this was more in reaction to the U.S. money supply figures, and events in the Middle East, than Friday's economic package or the cut in the Japanese discount rate.

**CURRENCY MOVEMENTS** 

Morgan Guaranty changes; averag 1980-1982-100. Benk of England Index

THE DOLLAR SPOT AND FORWARD

Day's spread Close One month P.a. months p.a. 1.4550-1.5005 1.4890-1.5000 0.03-0.08c dis -0.44 0.14-0.19dis -0.44 1.2320-1.2330 1.2320-1.2325 0.05-0.03c pm 3.03 0.84-0.78 pm 2.74 1.2320-1.2330 1.2320-1.2325 0.05-0.03c pm 3.07 2.64-2.54 pm 3.63 0.85-2.5300 63.24-53.26 4-2c pm 0.57 37-7c pm 0.16 1.24.20-124.80 1.24.5-124.76 1.09-0.93c pm 1.24.20-124.80 1.24.5-124.76 1.09-0.93c 1.24-0.93c pm 1.24.20-124.80 1.24.5-124.76 1.09-0.93c 1.25-125-151.59 151.50-151.70 1.25-151.59 151.50-151.70 1.25-151.59 1.25-151.5

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.90-53.95.

### Weaker tone

**FINANCIAL FUTURES** 

immediate future, and on this basis gits and Eurodollars opened on a very weak note. The December gilt opened at 107-09, and after a nervous start attempted to rally as eash prices stabilized. It touched a peak of 107-23, but then weakened again our a lower opening to U.S. bond trading, falling to a low of 106-22, and closing at 106-28, compared with 107-25 or Eviden. compared with 107-25 on Friday. Eurodollars for December delivery opened at 90.26, but then traded fairly steadily within a narrow range of 90.24 to 90.28, before finishing at 90.27, compared with 90.45 previously.

Short sterling deposits were again very quiet, with March delivery trading nearly as many lots as December.

LONDON CHICAGO Close High Low Prev 90.59 90.72 90.68 90.72 90.68 90.72 90.68 90.73 80.45 80.35 80.45 80.35 80.45 80.8 U.S. TREASURY BILLS (UMM) \$1m points of 100%

250,000 32nds of 100%

Close High Low Prev 106-22 107-23 106-22 107-25 March 106-13 107-08 106-13 107-08 106-13 107-09 106-12 106-09 — 106-22 Dec 105-09 — 106-12 Dec 105-09 — 105-30 Volume 3,877 (4,058) — 105-30 Volume 3,877 (4,058) — 105-30 Yourne 3,877 (4,058) — 105-30 Your STERLING £25,000 \$ per £

90.44 90.00 89.69 89.42 STERLING (IMM) Se per E 1.5035 Dec Close High Low 0.4393 0.4394 0.4296 March 0.4338 — June 0.4373 — Volume 47 (82) Previous day's open int 153 (153) 64-21 64-11 64-21 64-12





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### WORLD VALUE OF THE POUND

The table below gives the istast except when they are shown to allable rate of exchange for the und against various currencies on sober 24, 1983. In some cases rate rates have been calculated from those pominal. Market rates are the of foreign currencies to which they erage of buying and selling rates no direct quotation available; (F) free rate; (P) based on U.S. dollar parties and going sterling-dollar rates (T) tourist rate; (Bas ) base rate; (bg) buying rate; (Bk bankers' rates; (cm) (fn) Snancial rate; (exC) exch certificate rate; (nc) non-comme rate; (nom) nominal; (o) efficial

. —					
	VALUE OF	N ASS AND A COLUMN	VALUE OF £ STERLING		VALUE OF
PLACE AND LOCAL UNIT	£ STERLING	PLACE AND LOCAL UNIT	E SIEKTING	PLACE AND LOCAL UNIT	2 SIEKLING
Afghanistan Afghan	99,00	Greenland Danish Kroner	14.135	Peru	exe(A)3,133,25 20,67
AlbaniaLek AlgeriaDinar	10,00 (A) 7,2556	Grenaga E. Caribbean & Guedaloude Local Franc	4.05	PhilippinesPhilippine Paso	· —
Andorra French Franc	11.925	Grenada	1,4998	Pitcairn islands £ Sterling New Zealand \$	2,2615
Angola Kwanza	237,60 (CM) 45,4115	Guinea Syli	1,4996 34,90	PolandZioty	143.66
Angola Kwanza Antigua E. Carl bboan \$	4.06	Guinea-Bissau Peso Guyana	62.20	PortugalPortugu'se Escudo Puerto Rico	185.75
Argentina New Peso	22,415		4.4850	Quitar	i 1,4995 i 5,4560
Australia Australian 5	1.6310 27,505	Haiti Gourde	7,4975 8,00	Reunion IslandFrench Franc	11.925
Australian 5 Austria Schilling Azores Portugu'se Escud	186.75	Halti Gourde Honduras Lempira Hong Kong H.K. \$	11.68	RomaniaLeu	( (Cm)6.84
	1.4995	Hungary Forint	66,54∷	RwandaRwanda Franc	1 (N/C)20.66 145.76
BahamasBa. Dollar Bahrain Dinar Baleario isles Spa., Pesata	0.565	Ineland   Krone	41.72		
Balearic Isles Spa. Pesata	827.60 87.15	Inda	18.39	St. ChristopherE Caribbean \$	4.05
Bangladesh Taka Barbades Barbades \$	2.9990	Indonesia,Ruplah	1,475.5 129,15(eg)	St. HelenaSt. Helena £ St. Lucia E. Caribbean \$	1.0
Beigium B. Franc	(cm) 79.85	iraq	f 0,46715	St. LuciaE. Caribbean \$ St. PierreLocal Franc	11,925
Belizo B.S.	l(fn) 80,85 2,9990	trish Republic Irish &	1,2605 122,25	St. VincentE. Carlobean \$ Salvador ElColon	4.05 5.74
Benin G.F.A. Franc	596,25	i israel Sriekei	2,378.5 596,25	E Samos American U.S. E	1.4995 2,375.5
Belizo B \$ Benin C.F.A. Franc Ben \$ Bermeds Bda \$ Bhutan Indian Rupee	1,4995 15,39	italy Lira Ivory Coast C.F.A. Franc		San Marino	2,375,5
Bolivia Bolivian Peso	(C) 299.9	Jamaica Jamaica Dollar	(0)2.6745	Saudi ArabiaSaudi Ryai	58,66 5,2080
	1.6620	Janen Van	(F)4.12 350.0		596,25
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Brit. Virgin Isles U.S. \$ Brunei	1,4995	<b></b> . <b></b> .	1,799.4	Singapore	: 5.20
Bulgaria Lev	5,20 1,5020	Kenya Kenya Shilling	20.08 1.6310	Solomon IslandsSolomon Is. \$ Somali RepublicSomali Shilling	1,7690 25,97
Burma Kvat	12.64	Kores (Nth) Won	1.62m	South AfricaRand	1,6965
Burundi Burundi Franc	154,215	Kanya Menga Menga Shiling Kiribati Australian \$ Korea (Nth) Won Korea (Sth) Won Kuwait Unar	1,186,55	SpainPeseta	227,60
Cameroon C.F.A. Franc .	595,25	Kuwait Kuwaiti Dinar	0.43525	Spanish ports in North Africa Pessta Sri Lanks	ı
Canada Canadian \$	1,8450 227,60	Laos New Kip	19,4935 7,8400	North Africa. Pessta	227,60
Canada Canadian & Canadian & Canary Islands Cape V. Escudo	108,95	Laos	1.6965	Sri Lanka	36,40 1,9780
Cayman Islands Cay. Is. \$ Cent. Afr. Republic C.F.A. Franc Chad C.F.A. Franc	1,2495 596,25	Liberia Liberian 8 Libya Dinar	1,4995	Surinam	2.6840
Chad C.F.A. Franc	596,25	Libya Libyan Dinar Libyan Dinar Libyan Dinar	0,4439 8.1775	SwazilandLilangeni	1.6965 11.685
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China	596.25	LixembourgLix Franc Macao	188.75 633.0	Talwan New Talwan \$	. 60.20
COURT (BLEEKARIS)" C'L-V' LISTIC	596,25 (O) 63,20	Malawi	1.90	TanzaniaTan. Shilling ThaliandBaht Togo RepublicC.F.A. Franc	18,22 (ag)
Costa Rica Colon	(F) 63,50 1,3045	Malaysia	5.5150	Traitang	54.30 596.25
Cuba Cuban Peso Cyprus Cyprus &	1.3048	Mali Republic Mali Franc	11.32 1,192.5	Tonga IslandsHa'anga TrinidadTrinidad & Tob. \$ TunisisTunisian Dinar	1,6310
	(com) 9.80 n/c 17.06	Maite Maitese £	0.6525 11.925	TrinidadTrinidad & Tob. >	5.5988 1.025(sg)
Ozechoelovakia Koruna	(n/o 17.06 (T) 16.45	Mauritania Cuguiva	80.85	TurkeyTurkish Lira Turks & CalcosU.S. \$	, 569.Il
Denmark Danish Kroner	14.135	Mauritius	18.17	Turks & CalcosU.S. \$ TuvaluAustralian \$	1,4995 1,6310
Dilbouti	260 (sg)	Mexico Mexican Peso	(F)224.85 201.45		1 1,0010
	4.05	Miqueion Local Franc	11,925	 	j 281 <b>.70</b>
Dominican Repub. Dominican Paso	(0) 1,4995 (7) 2,3660	Monaco	11,925 5,00 (II)	UgandaUganda Shilling	1447.5 (5)
Founday Prince	((0) 78.87 (F) 126.46	Montserrat	1 4.05	United StatesU.S. Dollar UruguayUruguay Peso Utd.Arab EmiratesU.A.E. Dirham	1,4995 55,48
Ecuador	(F) 126.45	Morocco Dirham Mozambique Metical	11,35(sg)	Utd. Arab EmiratesU.A.E. Dirham	5,49576
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France French France FrenchC'tyin Af C.F.A. France	11,925	Nicaragua	14.985	VietnamDong	(O)3.2680
French Culons	596.25	Niger Republic G.F.A. Franc	596,25	Virgin Island U.S. U.S. Dolfar	i(T)10.74 (N) 1.4995
French Guiana Local Franc French Pacific Is., C.F.P. Franc	11,925 212 (so)	Nigeria	1.11sg 21.005	Wastern SemonSamonn Tala	(A)3,5925
Gabon CEA France	595,95	Omas Sul'ate of Rial Omasi	0.518	Yemen (Eth)Ryal	
Gambiz Dalesi Germany (East) Ostmark Germany (West) Deutsche Mark	4.00		. 0,010	Yemen (Sth)S. Yemen Dinar	6,86 (A)0,5175
Germany (East) Ostmark	3.91 3.91	Paidstan Pakistan Rupes	19,62	Yemen (Sth)S. Yemen Dinar YugoslaviaNew Y Dinar	167,8451
GRADA	44.955	Panama	1,4945 1,2705		
Gioraitar, Gioraitar &	1.0		1,2705	Zaire RepublicZaire ZambiaKwacha	45.455
Greece Drachma	140,30	Paraguay Guarani	(F)259,44	ZimbabwaZimbabwe \$	1,95 1,6750

Rate is the trensfer market (controlled). ## Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral ment with Egypt and who are not members of IMP. (§) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority rate such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Govern-controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

Shareholders are invited to attend an Extraordinary General Meeting of Shareholders to be held in the "Residentiezaa" of the Promenade Hotel, Ly Stolkweg, The Hague at 2,30 p.m. on November 17, 1983.

Opening of the Meeting.

- Minutes of the Meeting of May 26, 1963.
- 3. Approval of the merger with the AGO group.

a. (i) Proposal to change the name of the Company and amend the Articles of Association.

(ii) Authorisation of the Members of the Executive Board, jointly and severally, to apply to the Minister of Justice for ministerial approval of the proposed changes to the Articles of Association, to sign the necessary documents and to make such changes to the Articles of Association as the Minister may

require before giving his consent.
b. Issue of 5,550,000 Ordinary Shares at a rate of 1355% and 3,000,000 "A" Preference Shares at a rate of 100° a, each having a par value of Dfls. 10, to Vereniging AGO in return for the transfer of all 50,000 shares in the capital of AGO Holding N.V. Grant to Vereniging AGO of the right to take either "A" or "B" Preference Shares in the capital of Ennia N.V. at all times pursuant to Section 10 of the

Merger Agreement d. Appointment of Members of the Supervisory

Provided always that
(1) the Meeting of Shareholders does not exercise its right to make other recommendations and (2) the Meeting raises no objections to the

intended appointments, the Supervisory Board announces its intention to appoint Messrs. O. Vogelenzang, W.A.J. Bogers, M.A. Geuze, G.F. Hepkema, J.A.P. van Hoof, H.J.C. ter Kulle, F.H.F. Oldewelt, B. Pruijt, A.C.P. van Rheenen and J. Zijistra, Members of the Supervisory Board immediately after conclusion of the transaction referred to under Item 3b of the Agenda. The Workers' Council has made no

recommendations and has also announced that the Council has no objections to these appointments. e. Repayment of the paid up amounts on all 40,000 "B" Preference Shares nominal Dfts. 1,000, on which 25°: has been paid, outstanding on November 30, 1983, following the changes to the Articles of Association referred to under Item 3a of the Agenda, with simultaneous redemption of these shares. Repayment will be made in cash payable as soon as possible according to the statutory

f. The Supervisory Board announces its intention to appoint Messrs. J.A. Bakker, E. Oosterhoff, Th.J. Steenbergen and K.J. Storm Members of the Executive Board of the Company immediately after

conclusion of the transaction referred to under item 3b of the Agenda and to appoint Mr. H.B. van Wijk Member of the Executive Spard of the Company immediately after the conclusion of the Annual Meeting of Shareholders in 1984,

Fixing of the remuneration of the Members of the Supervisory Board.

All resolutions on this Item of the Agenda are made with the proviso that the intended merger with the AGO group takes place as planned.

Matters ansing.

5. Any other business and conclusion of the

Holders of Bearer Depository Receipts of the Company will also be admitted to the Meeting and will have the opportunity to speak from the floor but they have no voting rights. They will be admitted on production of a certificate of lodgement of their BDR's from a corporate member of the Netherlands Stock Exchange Association or, in the UK, from Amsterdam-Rotterdam Bank N.V. and Algemene Bank Nederland N.V. in London or, in Switzerland, from Schweizerischer Bankveren, Schweizerische Rechtanstalt and Schweizensche Bankgesellschaft at Zurich, Basle and Geneva, Lodgement must have been made not later than November 10, 1983.

The Merger Agreement and the statutory details concerning the intended appointments of the Supervisory Board are available for inspection at the offices mentioned below. Copies of the documents relating to the business of this meeting are available to both Shareholders and Holders of BDR's free of charge: in The Netherlands from the offices of the Company at The Hague and Amsterdam, in the United Kingdom from the office of Ennia Holdings (UK) Ltd at London and in Switzerland from the office of Schweizerischer Bankverein at Zunch.

A car park ticket will be sent on request.

The Executive Board The Hague, October 25, 1983 1, Churchillplein



All of these securities have been sold. This announcement appears as a matter of record only.

October, 1983



2,000,000 Shares

Common Stock

L.F. RUTHSCHILD, UNTERBERG, TOWBIN

SEIDLER AMDEC SECURITIES INC.

A. G. BECKER PARIBAS DILLON, READ & CO. INC. **HAMBRECHT & QUIST** 

PRUDENTIAL-BACHE

BLYTH EASTMAN PAINE WEBBER DREXEL BURNHAM LAMBERT E. F. HUTTON & COMPANY INC.

ROBERTSON, COLMAN & STEPHENS

WERTHEIM & CO., INC. ALLEN & COMPANY F. EBERSTADT & CO., INC.

MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.

PIPER, JAFFRAY & HOPWOOD

DEAN WITTER REYNOLDS INC.

TUCKER, ANTHONY & R. L. DAY, INC. BASLE SECURITIES CORPORATION CAZENOVE INCORPORATED

ARNHOLD AND S. BLEICHROEDER, INC. ROBERT FLEMING

KLEINWORT, BENSON

WOOD GUNDY INCORPORATED

CREDIT COMMERCIAL de FRANCE SAMUEL MONTAGU & CO. PICTET INTERNATIONAL

HAMBROS BANK MORGAN GRENFELL & CO.

HILL SAMUEL & CO. KITCAT, AITKEN & SAFRAN PETERBROECK, VAN CAMPENHOUT & CIE.

PIERSON, HELDRING & PIERSON N.V.

VEREINS- und WESTBANK

ALEX. BROWN & SONS

LAZARD FRERES & CO.

GOLDMAN, SACHS & CO.

SALOMON BROTHERS INC

WILLIAM BLAIR & COMPANY

MONTGOMERY SECURITIES

OPPENHEIMER & CO., INC.



BANK BUMIPUTRA MALAYSIA BERHAD

U.S. \$30,000,000 FLOATING RATE NOTES 1984

For the six months 25th October, 1983 to 25th April, 1984. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 10 per cent and that the interest payable on the relevant interest payment date, 25th April, 1984 against Coupon No 10 will be U.S. \$50.83.

Agent Bank: Morgan Guaranty Trust Company of New York, London

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### INTERNATIONAL CAPITAL MARKETS

### Comsat may raise \$200m in Euromarkets

BY RAYMOND SNODDY IN LONDON

COMMUNICATIONS Satellite (Comsat), the U.S. satellite service group, could return to the Euromarkets next year to begin raising the \$200m-\$300m in external financing t needs over the next three years.

Mr Irving Goldstein, president of Comsat, the U.S. representative on Intelsat, the international satellite organisation, said in London yesterday the corporation would probably begin raising the money it needs within the next 8-10 months.

"It is decidedly possible that we rould return to the Euromarkets. It's certainly one of the major op-tions," Mr Goldstein said.

**Eurobonds** tumble on U.S. money supply rise

By Peter Montagnon, Euromarkets Correspondent

DOLLAR Eurobond prices were marked down by around 's point yesterday as the market reacted to the sharp \$2.4bm increase in U.S. M-1 money supply announced on Friday night.

The fall was bad news for managers of the \$200m, 19½ per cent Texa-co issue launched at a price of 98 by Credit Suisse First Boston on Friday afternoon. The issue was already regarded as tightly priced when it was brought to the market. apparently on a gamble that the money supply figures would encou-

rage the market Yesterday the bonds were trading at a discount of around 2% points, but dealers detected some bargain buying at lower levels. U.S. corpo rate borrowers have become rare visitors to the Euromarkets and Texaco is a name with some appeal

on the Continent. It was on this basis that Credit Suisse First Boston managed to attract 27 co-lead managers into the deal, but the change in market tone since the money supply figures were announced underlines yet again the danger of launching tightiy-priced "bought" deals on preset

prices, dealers said. The warrants accompanying the deal traded yesterday at around their issue price of \$20.

D-Mark foreign bonds were marked down by around it point on the strength of the dollar in exchange markets. Swiss Franc issues were unchanged to slightly

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THE FMANCIAL TIMES BUSINESS PUBLISHING LIMITED sered Adgres:

Bracken House, Cannon Street, LONDON EC4P 48Y. ered no. 980396

Comsat recently raised \$110m service will begin operation in 1966. through a subordinated convertible debenture in London - "a response which pleased and impressed us." Future money raising. Mr Goldgrammes by satellite to between 190-200 affinates. The deal worth stein said, will involve straight debt. Comsut needs capital of around

several hundred million dollars" \$800m in the next live years, half of will involve heavy investment inwhich will be raised externally. cluding the provision of satellite The corporation needs the capital earth stations at all of the affiliates. mainly for the expansion of the Intelsat system and following the de-cision to press ahead with direct

Comsat earlier this year signed a 10-year contract with the National Broadcasting Company (NBC) to distribute the network's pro-

Comsat has consolidated net income of \$12.7m in the third quarter broadcast by satellite (DBS). A five-channel service broadcasting to the per cent or \$1.7m. Earnings per

able to the sale of the digital elec-tropics part of Council's computer skied engineering (CAE) operation was larging offset by increased losses from Council's permership

aived the loss of 170 jobs. For the first pine months of 1983,

was 541.4m, or 52.39 a share, up \$9.2m, or 29 cents a share over that Eastern U.S. will begin next au- share were 71 cents on 18m shares. \$2m, or 25 cents a share over th himn and a full high power DBS an increase of 2 cents on 18m for the first asine months of 1882.

### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 24.

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CORRECTION NOTICE Gold mining companies 되되면

administered by Transvaal **Anglo American Corporation** Vaal Reefs Exploration and Mining Co., Ltd. (Incorporated in the Republic of South Africa)

With regard to the report for the quarter ended 30 September, 1983 of the above company which appeared in this newspaper on Friday, 21 October, 1983 please note the following corrections:-

(1) Financial Results

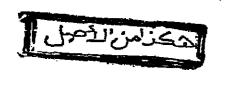
(a) Under the heading "Afrikander Lease area Gold Section" the total figure for the querter ended June 1981 should be "(35)".

(b) In the "Development" results the figure for "Sampled — gold" for the quarter ended
September, 1983 should be "1.46".

(2) Planned Production and Capital Expenditura

The figure given in the second paragraph for estimated capital expenditure for the year should be "R145 million".

25 October, 1983.



### **SECTION IV**

## FINANCIAL TIMES SURVEY

# World Telecommunications

## Suppliers jostle BOND SER for new markets

THE WORLD telecommunications equipment industry is in the grip of powerful structural change. Once a business which was conducted largely behind national borders, manufacturing is increasingly becoming international, as suppliers jostle to exploit new markets while confronting the challenges of growing competition and rapid advances in technology.

The industry is discovering a new zest for strategic alkances, as manufacturers who have traditionally ploughed their separate furrows recognise that it is in their common interest to join forces.

The most dramatic, and highly-publicised, recent example of collaboration was the agreement earlier this year between American Telephone and Telegraph and Philips of the Netherlands, Europe's largest electronics and electrical company, to form a joint venture to sell switching and transmission equipment internationally.

equipment. But it is becoming increasingly difficult for them to

Brandt is doing.

A new pattern of cooperation is developing, which
extends beyond the telecommunications industry to include
computers and office products.

In many industrialised coun-Computers and office products. It seems likely that such deals will continue to proliferate over the next few years.

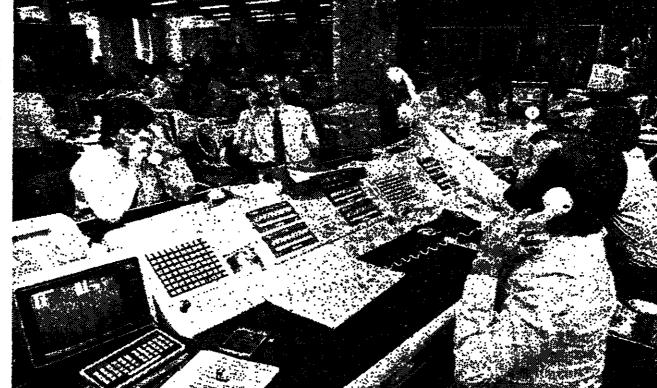
Lieux directive criter principal, and often inter-related, forces shaping the realignment of the industry:

In many industrialised countries, development costs have been substantially funded—either directly or indirectly—by national telecommunications administrations, which are the principal customers for such equipment. But it is becoming

scale: Though the cost of recoup investments on this scale microelectronics components through domestic orders and continues to decline, the cost of exports. developing the software needed for the increasingly wide range of sophisticated functions which modern telecommunications systems can perform is rising at least as fast. Writing software is an almost entirely labour-intensive activity which requires highly skilled manpower and is notoriously prone to problems and delays.

At present, more than a dozen manufacturers are competing to sell digital or semi-digital switching equipment worldwide. Many industry experts believe that the number may be halved over the next decade, as companies decide either to pool their activities or withdraw from the business altogether, as France's Thomson

develop a new family of digital Gaining market access: Few public exchanges is now compar-countries allow totally free able to the sort of sums involved access to their telecommunica-in development of a new com- tions markets. In Western in development of a new commercial airliner, ITT has spent an estimated 51bn so far on its state authorities (PTTs) main-System 12 switching system, tain monopolies over large parts



The City of London: the financial world's most dense telecommunications market; above, the international dealing room of the London branch of Merrill-Lynch

favoured national suppliers.

Foreign companies can unusually breach these barriers of the market to manufacturers other than only if they have manufacturing with the Electric, which has been extremely small, entrepreneurial, company only if they have manufacturers.

The Third World, which for market and to achieve visibility in the need to achieve visibility in market; is also becoming more selective. The governments of developing countries are increasingly trying to build up indigenous telecommunications in the total telecommunications in the total telecommunications in the telecommu withdraw from the business altogether, as France's Thomson Europe and Japan, powerful tain monopolies over large parts

com has invested at least \$700m. buy almost exclusively from. In the U.S., the break-up of linking up with Rolm, a com- which are not always easily wide scale.

#### PART TWO

Part One appeared yesterday

#### IN TODAY'S SECTION

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included the following topics: the U.S. market, in the throes of upherval; the U.S. PBX market; AT&T, a monolith in transition; a shake-out ahead for U.S. equipment suppliers; long-distance and local ser-vices in the U.S.

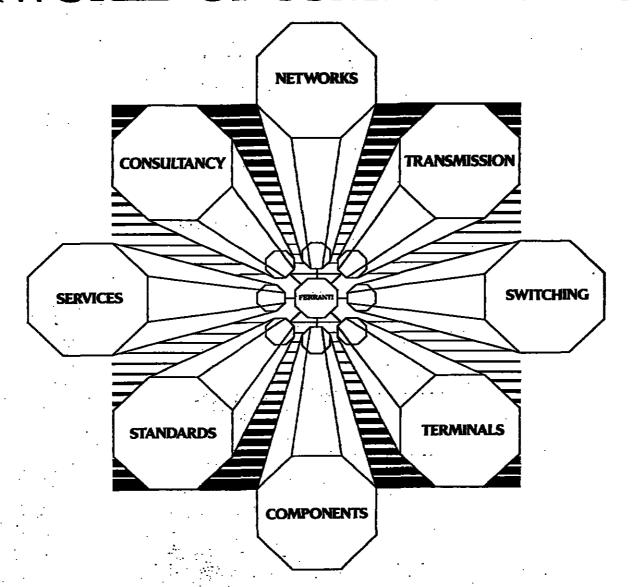
Other articles examined Britain's far-reaching objec-tives and the re-organisation of British Telecom; the

Other features examined the wide scope for joint state

European PTIs.
FT writers also reported on latest telecommunication on satest retecommunication developments in West Ger-many, France, Italy, the Nordic Countries, Belgium, Netherlands, Canada and the

● Editorial production of this survey was by Mike Witshire; design by Philip

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Alan Cane examines the progress made towards the office of the future

## The marriage that led to the electronic office

SEVERAL YEARS ago it was called convergence; then office automation, and now it is happening. Right from the early days of computing, it was clear that a marriage of computing—the power to process information—and telecommunications — the power to move information around—should revolutionise office practice.

Indeed, in some scenarios, it does away with the office altogether as executives work from home or any other place of their choice using portable workstations linked to computers at head-quarters by telephone lines

Those scenarios have faded a little these days, although there has certainly been an increase in the numbers of people who work from home using computers of one sort or another. A recent survey carried out by the British Equipment Trade Association (BETA) showed that almost two thirds of Britain's top companies think they will have a significant number of people working from

There is a balance between the increasing costs of transporting people to work and providing them with services there and the declining costs of the kind of automated equipment which make it possible to work from home; that balance is tipping increasingly towards the home.

#### New promise

Already, video teleconferencing— meetings held over telephone lines using closed circuit television techniquesshowing new promise now that the probsnowing new promise now that the pron-lems of squeezing all the information which has to be transmitted in the com-paratively narrow telecommunications line conduit are beginning to be solved. The chief objections to teleconferences have been the "bandwidth compression" techniques which have tended to produce a degraded image, coupled with the fact that the basic equipment to establish the teleconference has been cumbersome, or inconvenient, or both.

Earlier this year a small Silicon Valley company, Compression Labs, announced a system which seems to have gone a long way to solving the "bandwidth compression" problem, using two tech-niques called interframe and intraframe coding which, essentially, ensure that the system transmits only essential new information—only, for example, details of a speaker's movement against a static

The company has also developed a compact camera/projection conferencing system costing only \$35,000 that is said to eliminate the need for a specially fitted conference room.

The chief challenge in applying telecommunications to the office is to keep costs to a minimum, and to make the best use of the capacity available.

Which explains much of the excitement in the past few months over local area networks (LANs), ways of linking together all the constituent parts of the automated office—word processors, workstations, computers, facsimile machines, copiers, filestores and printers—so that information and instructions can be passed between them swiftly, accurately and at low cost.

passed between them swiftly, accurately and at low cost.

Conventional high speed data transmission techniques used for example to move data between a computer and its terminals are complicated, very expensive and they are physically inconvenient to install in the typical office.

Speaking in London recently, Mr Harold Harrington a senior systems.

Harold Harringtom, a senior systems engineer with Sperry based at Salt Lake City, Utah, pointed out: "The communications techniques which served the minis and the mainframes are not appropriate for intra-office communica-

appropriate for intra-office communications. The traditional approaches,
primarily a modem and a phone line,
fail inside an office because of a lack
of flexibility and performance."

So LAN was conceived. There is at
present little agreement on whether the
most suitable LAN for the office should
be based on computer technology with
control residing in a separate processor
or indeed in the peripheral devices themselves or whether it should be based on
the office switchboard—which is itself the office switchboard-which is itself simply a digital computer these days.

The computer approach is favoured by companies such as Xerox, Digital Equipment and Wang. The switchboard approach by the telephone specialists like Rolm, Northern Telecom and, in

the UK, Plessey. Three years ago, on balance, the computer solution was more attractive. Now the telecommunications companies have pulled back much of According to Mr Harrington: "IRM and Texas Instruments are currently

engaged in a joint development effort which will produce a token passing chip set with a high degree of functionality. It is anticipated that these chips will be used in products announced late in

Token passing is simply a technique for getting data on and off a LAN. Mr Harrington implied that IBM would announce first a ring — a closed loop where data circulates at high speed and later a bus where information is broadcast to all devices on the LAN at the

same time.

He said: "Sperry plans to utilise LAN techniques as the primary means of communication between terminal, microcomputer and mainframe equipment." The LAN of choice for Sperry will be the IEEE token ring (the electronic industry standard). This assumes that the IBM implementation agrees with the

#### LAN techniques

If there is a difference, IBM's version will become a de facto standard and it is highly probable the IEEE documents would be changed to adopt any differ-

Mr Harrington's comments shed new light on what has been one of the most interesting questions in office automa-tion over the past few years: in which direction will IBM move?

The undisputed leader in mainline data processing IBM has underlined its power in the aspects of data processing by securing some 30 per cent of the by securing some 30 per cent of the Personal Computer market place within two years of entry.

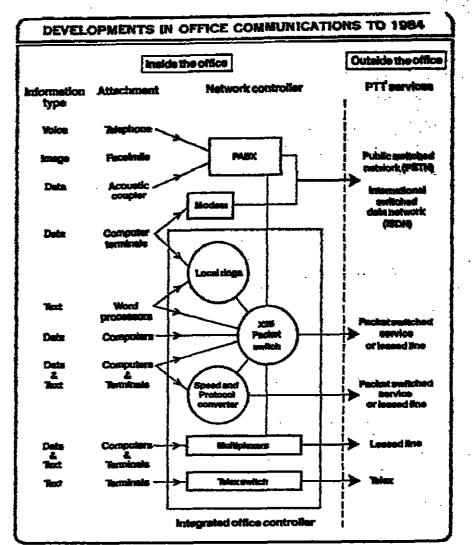
Its presence in the office has been much more muted. There has been an adequate word processor, a small business system and some not very well regarded software to tie them together. There has been a powerful office document distributor and printer and various forms of mass storage, but nothing that could be described as a

clear direction ahead.

IBM's entry into the Personal Computer market place has been described as taking customers from confusion to safety. The same seems likely to be true of the office market.

After word processing, electronic mail

is the most rapidly growing area of office automation. These systems allow two or more people to communicate with each



The chief challenge in applying telecommunications to the office is to keep cost; to a minimum, and to make the best use of the capacity available. There is a surge of interest in local area networks (LANs) to link together the constituent parts of the automated office, so that information can be circulated swiftly, accurately and at low cost.

#### Forthcoming surveys

#### in the FT

TWELVE SURVEYS on the electronics industries will be published by the Financial Times next year.
The marvey titles will include:

- The Desk-top Revolution
- Menulacturing Automation
- Mobile Communications
- ♠ Electronia Componéssa
- Electronics in Europe Computers in Benking and Finance
- ▲ Video and Broadcasting
- Software stid Services
- · Communications in Business
- Electronic Information Services
- Large Computers

#### Mobile communications

In particular, the survey on mobile ton edmbored and services moraying out-such the central property of the remainder of the technology which offer communications will examine recent communications will examine recent the technology working. The advent of cellular radio, which users computer power and modern switching rechniques to expand varily the capacity of mobile communications systems, points to a future when the pocket terminal will be commonplace.

Such terminals will be reable almost Such terminals will be designed not just corner—and will be designed not just for voice but for computer data as well. The advantages will be available not just to busy executives who want to take their offices with them wherever they go. Celiular sudio also promises to extend modern-communications to large, in high programmed areas marginals.

extend inpopulated areas, particularly in the third world, which it is not at present practical to serve by means of traditional terrestrial systems.

other using electronically transmitted

messages.

British Telecom Gold and Leyland
System's "Comet" are commercially
available examples of electronic mail; many companies with extensive telecommunications networks such as Citibank or Chase Manhattan have their own

systems using this technology.

The important feature of such systems is that communication can take place in real time with both sender and recipient at their terminals or over a period of time. Messages are filed in a "mailbox" — the memory of the computer controlling the system — to be retrieved when the recipient returns to his or her

People who use electronic mail swear by it. The paperless office is still as far away as ever but electronic mail does help to cut down paper messages — and more significantly, phone calls. Electronic mail is simply an extension of message switching, computer tech-niques applied to felex so that messages could be stored and forwarded.

With the emphasis - as ever in telecommunications — on keeping costs down, Computer and Systems Engineer-

Philips has done it again!

While everybody else has been talking about

the need for a universally compatible wide-

area network. Philips has turned it into

SOPHO-NET - the Synergetic Open Philips

ing of Watford recently announced a low cost electronic mail system. Beeline, low cost electronic mail system. Beeline, based on its existing message switching techniques and existing terminals devices whether word processors, personal computers or dumb terminals.

A typical configuration costs between £78,000 and £350,000.

The new interest in automating offices is due to a combination of falling hardware costs, increasing need for economies and efficiencies and increased swareness of the bacefits. Now the handwagon has started to move, it will not be helted.

## How the world's leading equipment suppliers line up

 American Telephone and Telegraph (U.S.): AT & T is seeking new markets and forming industrial alliances both at home and abroad in an effort to offset the expected loss of near-captive business from its local tele-phone companies, which it is due to shed early next year.

It has agreed to set up a joint venture with Philips of the Netherlands to sell switching and transmission Europe, the Middle East and parts of Latin America. It is also holding talks on collaboration with—and a possible investment in— Olivetti, Italy's main office company. It is

Korea and has a part-share in a small Irish telecommunications manufacturer.

expanding its sales channels to include independent distributors and retail chains such as Sears. It has also licensed several microelectronics manufacturers to use its Unix computer operating system with their products. • Compagnie Generale d'Elec-

tricite (France): Owner of CIT Aleatel France's leading telecommunications manufacturer, CGE recently deepened its involvement in the industry by an asset exchange with mson Brandt, the country's largest electronics and electrical group. CGE is

holding company, to which Thomson has transferred its

CIT Alcatel and the holding company may eventually merge but whether the reshuffle will enable France's telecommunications industry to remain internationally competitive on its own is uncertain. CIT Alcatel says that it wants to ally itself with foreign partners. It has joined forces with Philips in cellular mobile radio and has Ulivetti

recently been rapidly expand-

aims to achieve much of its future growth in information systems. In the past few years it has bought Datasaab, the main Swedish computer manufacturer, and Facit, which makes electronic typewriters and other office products.

In the U.S., it owns a joint venture with Atlantic Rich-field, the oil group, involved in equipment marketing, soft-ware and cable-making. It is working with Honeywell, the facturer, to develop in the U.S. voice and data systems based on Ericsson PABXs and Honeywell computers. It terminals American another through

ing activities, including a joint venture in Britain with • GTE (U.S.): The biggest vertically-integrated independent telecommunications company in the U.S., GTE owns a UK equipment manufacturing venture jointly with Ferranti and is collaborating with Italiei, Italy's state-

owned equipment manu-facturer. It is also involved

in equipment preduction in International Machines (IBM), U.S.: IBM is expected to build on its alliance with Rolm, in which earlier this year, to expand automation.

has grown fast in less than nas grown rast in less than a decade to become one of the world's biggest manufacturers of digital private exchanges (PABEs).

IEM owns one-third of Satellite Business Systems, which operates a sophisticated satellite communications natural in the 115

tions network in the U.S. IBM is also seeking tele-communications partners in Western Europe, where it makes its own PABXs, but has aunounced no agreements

Mitel (Canada): Mitel has agreed to supply version of its large PABX the SX-2000, to be distributed by ICL, the largest British-

Mitel was also collaborating with IBM, apparently on de-

this deal was called of earlier this year. Another plan to work with Scientific Atlanta to develop satellite communications systems was also called off.

Northern (Canada); Northern Telecom is seeking to breaden its business in the U.S., where it has already received large orders switching equipment. It is working with computer manu-working with computer manu-indicate Data General and Sperry, to make their equipment compatible with its products. Its is: SL-I PABX is also me

General Electric Company Northern Telecom's U.S. purchase of two small American data turnium manufac-tacum in the late 1970s led to hig leasts, which were only receptly brought under controL

Liberalisation of Britain's decommunications market has led Pleasey to venture oversees in an effort to schieve world-class status, it has acquired the public switching business of Stromberg-Carlson, an independent





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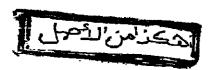
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communications costs. With SOPHO-NET you Will gain a total communications infig-Structure with your existing equipme

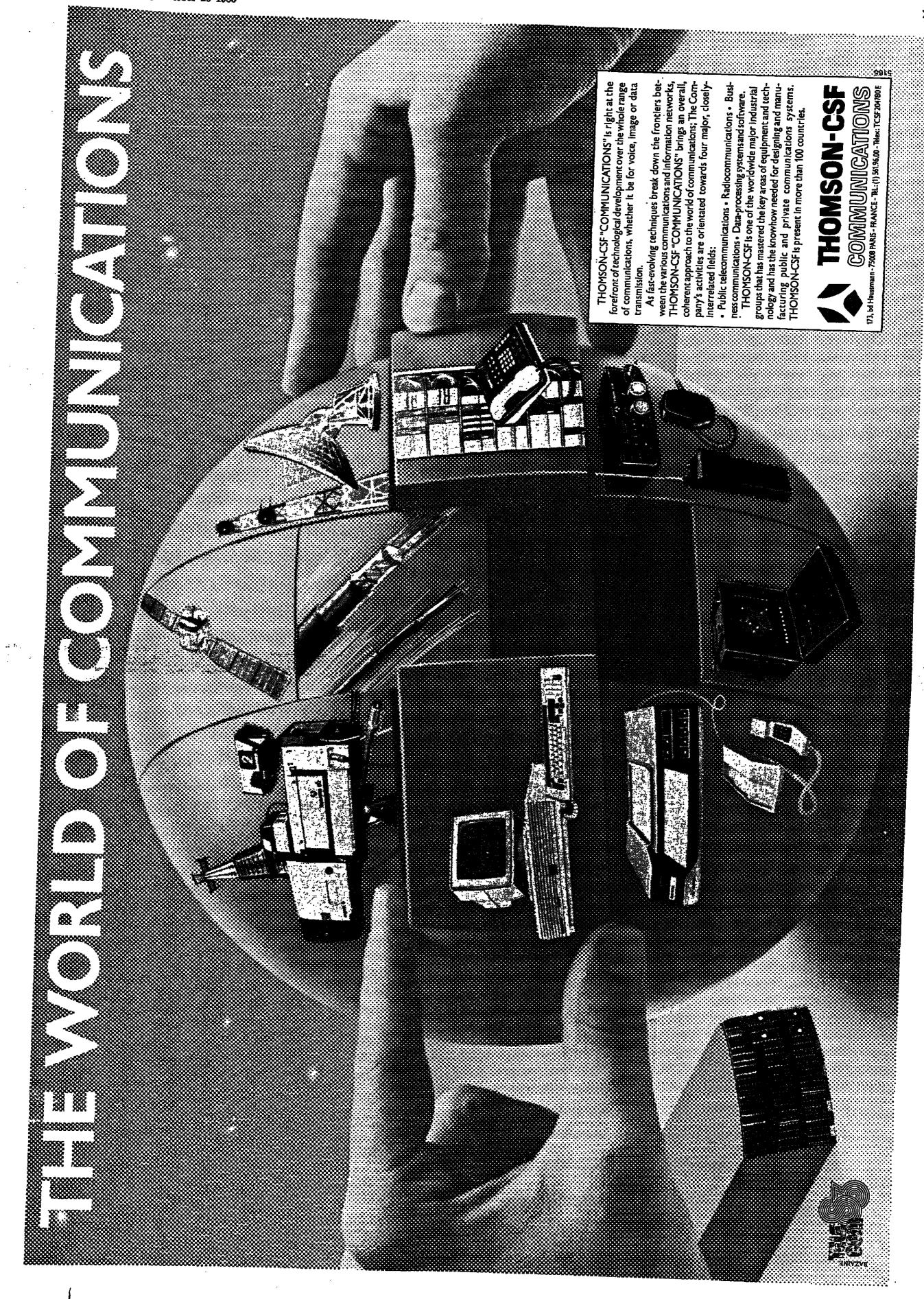
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up



#### WORLD TELECOMMUNICATIONS XX

#### CITY BUSINESS SYSTEM

A UNIQUE three-in-one com-munications terminal is quietly revolutionising the way business is conducted in the City of London.

Designed to meet the exacting communication needs of currency and commodity dealers in particular, the City Business System com-bines telephone, telex and computer terminal.

All operations are controlled by fingertip touch of labelled "keys" which appear on a visual display unit. The touching action is detected by means a grid of infra-red beams which run over the surface of the screen.

In this way the user can make internal or external phone calls, hold and release them, and also designate a line as private. The system can store up to 5,000 pages of information as well acressing information that is stored on other computers this is displayed on the top half of the screen.

Up to a total of 1.024 exchange lines, switchboard extensions or private lines. can be connected to the system, and it can cater for maximum of 512 dealer convoies.

The City Business System is the latest addition to British Telecom's special range of services to business in the capital. A special network, the London Overlay Network, uses digital links which can carry voice or video or computer data, giving the nation's financial centre emunications ser vices it needs. By providing specialised services and private circuits on demand. netional and international organisations are able to operate more efficiently and

more competitively. Seen here is the new Central Treasury operation at Williams & Glyn's bank in Lombard Street. The bank is the first in the world to use this comprehensive City Business System.



## New moves to harmonise international standards

A FEW YEARS ago, when the and this means common inter-European Commission first took connect standards and operatan interest in the development Europe, it carried out a study to determine what telecommunications equipment and systems were uniformly standard throughout the European Community. The findings con-firmed its worst fears, for among the hundreds of items it looked at, only the humble telephone pole was found to be a reasonably standard product. Had the Commission extended its survey beyond Europe this lack of uniformity would have been even more alarming.

For most industries and service supplies the general lack of common international standards is little more than an inconvenience they have it a fire to cope with. In most cases, equipment and systems operate in a national environment and are not required to be inter-connected on a real-time basis to equipment and systems in other countries which may have adopted different technical standards. Telecommunications. however, cannot operate in this way. By its very nature it has to be a totally integrated international system which, in the emerging information technology age, must allow sub-scribers world-wide to comscribers world-wide to com- advance, equipment innovation municate one with another, not cycles have become greatly jut by voice but to exchange shortened.

Complex network

The international telephone works have been, and are con-tinuing to be, introduced along user and inuing to be, introduced along user and other groups, such with new mobile radio systems delays will be difficult to and a vast range of new terminal devices and many new terminal devices. This total system must be able to interconnect freely on an interconnect freely on an international basis if its full and network and subscriber services with honefully enflicient flexic.

ing procedures and protocols. International telecommunications standards have, traditionally, been the responsibility of the International Telecommunications Union's technical arm. the International Telephone and Telegraph Consultative Committee (CCITT). The ITU has been relatively successful since it was established in 1965 in creating standards to maintain the flow of International voice communications, although in recent years differing national interretations of some of its standard recommendations in the data communications area have led to some minor prob-lems of incompatibility. Inter-national committees like the CCITT tend to move at a very slow pace, but in the past this not not presented major difficulties because the 15-to-20-year operating life of most equipment gave ample time for the committee to develop and implement standards for successive new generations. The new semiconductor-based technology of the information age, however, has changed all this. Not only is the range of products and services expanding at a

Some fears have been expressed that the establishment of standardisation recommendations and their so-called The international telephone harmonisation could delay the network is the largest and most introduction of new systems. complex interconnected real-time system in the world, link-ing more than 550m telephone countries where the traditionacross transmission media rang- commutations administrations ing from a pair of copper wires would have accepted such to optical fibres and satellite delays, in the new era of links. Many other data net-increasing liberalisation and from international

very fast rate, because of the sheer pace of technological

exciting potential is to realised, with, hopefully, sufficient flexi- part of

bility to enable them to adjust the tiller and come on course once the CCITT mandards are published. Not a very exact science. Secondly, and potenti-ally a considerably greater threat to harmonisation, there the competitive industrial factor.

#### Benefits

Manufacturing companies obviously gain most benefit from advancing technology if they can be the first in the field with a new product. Companies can-not wait indefinitely for international standards redations and, seeing as they do a CCITT apparently unable adjust to the new demands of the 1980s, some are forging ahead in an attempt to impose their own standards on the rest of the industry by establishing a dominance in a market area which, they hope will, in turn, lead to the establishment of a de facto standard which the CCITT will be forced to accept (the IBM factor). While there are examples

where this has succeeded in the telecommunications field (Siemens can be said to have achieved that result with telex), in most cases the world ends up with numerous incompatible systems which may offer some short-term gains to a manufacturer and sume users but in the long-term impose delays and restrictions on the overall growth of the total system.
At the end of the day it is

the system user who suffers, either by having to pay more for his equipment or by being unable to benefit to the full many examples but typical is the current situation arising from the introduction of celluiar radio systems in Europe.
These systems effectivate These systems effectively extend the telephone system for mobile use, allowing subscribers to dial into and receive calls via the public telephone network in the same way as they would as a residential sub-broader scriber. There is already a isation, network covering the greater Scandinavia

meens that, for example, a Norweglan can drive from Oslo to Helsinki and use his mobile telephone throughour the jour-ney. It would seem logical for European administrations to with to extend this system throughout the Continent so that subscribers from any one country visiting any other country by car could connect into the telephone network.

It is not to be. Britain has opted for a different system, the French and Germans seem set to opt for yet another system, while the Dutch have chosen the same system as the Scandinavians but parameters and hence rendered it incompatible. So, sithough there are no major technical problems that could not be overcome, users will now have to wait until the next generation of cellular radio systems arrive in the 1990s and, hopefully, some common standards, before Europe-wide mobile telephony becomes a reality.

#### Major efforts

Hopefully many of the probhopefully many of the prob-lems of the establishment of standards will quickly be re-solved. The new secretary general of the ITU and the director of the CCITT are fully aware of the problems which exist and are making major efforts to resolve them. There are store that interpolatelly are signs that internationally agreed standards will emerge from the CCITT for the new integrated services digital network, including those for standard multi-purpose interfaces. The focus of harmonisation efforts in Europe is the Work pean Conference of Postal and Telecommunications Administrations (CEPT), founded in 1959 to facilitate cooperation among 25 national administra-tions. Its five main harmspitation working groups are also making a major contribution within Europe which they be-lieve will set patterns for broader international harmon

Robert Raggett

## World Communications Year has an educational theme

THIS YEAR has been design which don't have good com-nated World Communications munications are therefore at Year by the United Nations, an immediate economic disad-One of the main objectives of the "Year" is to stimulate the international development of communication and so narrow the gap between the rich tech-nocratic societies of the West, and poor, often-isolated com-munities in the Third World.

In the West, where (despite many critics) the telephone and broadcasting systems are, in general, second to none, the schild, section to hole, the ability to communicate over long distances at a few seconds' notice is taken for granted.

roads are inadequate and, in many cases, telephones do not exist. These deficiencies are a major obstacle to economic development.

The U.N. regards the development of communications throughout the world as an munications equipment, is important element in the fight co-ordinated by the Department against hunger, unemployment, of Industry, which has a vested against hunger, unemployment ignorance and poverty—hence World Communications Year.

chairman of the UK's national at home and abroad. committee for World Com- The "Year" is being munications Year, comments: off in the UK with a one-day off in the UK with a one-day conference at the Royal Landons of pounds to helping caster Hotel, London, on economic development and relieving hardships across the under the auspices of the comment of Industry the world. Much of this - and other foreign aid — could be Department of Trade and the far more effective if there British Computer Society. existed basic systems for communication between the people in need and the agencies ad- Trade Routes of the Future ministering relief.

" World Year is therefore, despite its grandlose title, a timely and important initiative."

Unlike previous "Years," such as the International Year of the Disabled, World Com-munications Year is not at first sight an event which lends it-self to public involvement. But the theme for much of World Communications Year is an educational one, with governments and companies in the communications field taking Yet in many other parts of a leading part in helping others the world the basic tools of to use modern telecommunication are lacking—tions equipment more effectively. tively.

#### Manufacturers

In the UK, the national world communications group, which represents most leading manufacturers of telecominterest in promoting Britain's technical ability, particularly in Sir Donald Maitland, who is the telecommunications field,

The "Year" is being rounded Department of Industry, the The conference theme will be

"Telecommunications — the and will highlight the import-"Effective communication has ance of information technology catalytic effect on economic and telecommunications both development, and countries as a "lubricant" of trade

channels and as a valuable product in itself. As Sir Donald Maitland says: It's easy to be sceptical about the nature and purpose of these 'Years' which are proclaimed from time to time by the UN.
There is no doubt, however,
that they do contribute to in-

creasing understanding and awareness of problems. "World Communications Year is an occasion for looking at the world from a different viewpoint. It also offers a large number of British companies important opportunities opportunities

Michael Wiltshire



Sir Donald Maitland: " a timely and important initiative

7.4

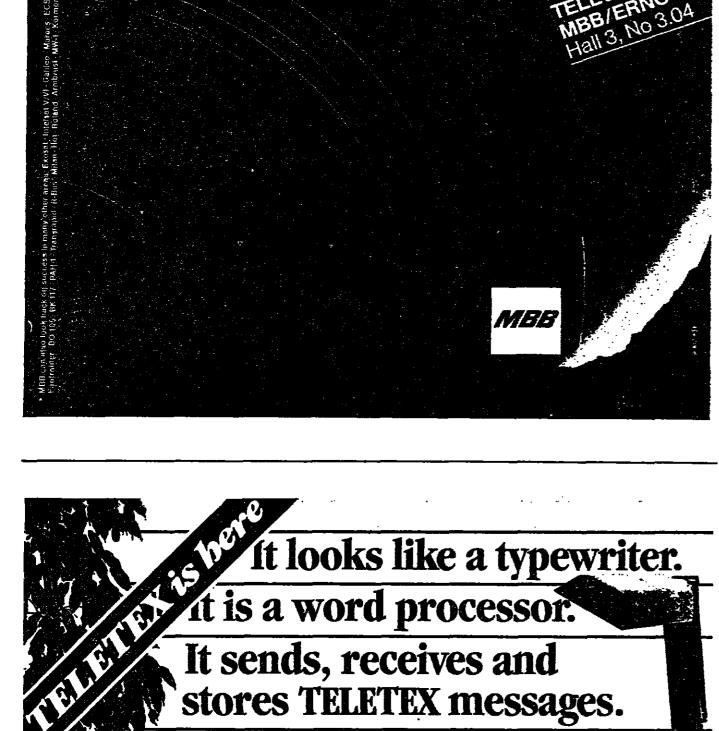
#### The leaders in specialist telecom test measurement W&G Instruments are the first to measure up

to the latest telecommunications technology by producing the most comprehensive range of test and measuring equipment so vital to the efficient maintenance of data and communications notworks.

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Most important-it's a TELETEX Terminal. TELETEX is the new European standard for sending, receiving and storing messages over normal phone or data communications lines at speeds up to 30 times faster than ordinary Telex-though TELETEX is intended to work with normal Telex too. Eritex 10 can not only do many things, it can

do most of them at the same time. It can transmit or receive a TELETEX message while typing another. It can automatically connect you to another TELETEX terminal. It has a separate memory for phrases-names, addresses, telephone numbers. standard headings, standard salutations.

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#### WORLD TELECOMMUNICATIONS XXI

Rex Winsbury discusses what progress has been made towards a wired society

## Interactive services await breakthrough to mass appeal

TELE-SHOPPING, tele-banking, tele-conferencing, videophones and on-line distribution of information are all part of the yet-to-be-realised dream of a wired society. But if the schievements are yet small, they are none the less significant. The rapid spread of home and personal computers over the past two years has, for the first time, meant that many offices and households have the type of terminal that makes these and households have the type of terminal that makes these visions practical. Experiments in Germany, with the Verbraucherbank; in France, at Biarritz; in the UK, with the Homelink home banking scheme; in the U.S., with videotex systems like Viewtron; and the concerted trend to building scheme. trend to building new high-capacity cable systems across Europe, make it likely that sub-Europe, make it likely that sub-stantial changes are now in train in the way money and in-

Homelink, operated by the Nottingbam Building Society and the Bank of Scotland, is the first substantial thrust into home (and office) tele-banking in the UK. It had always been forecast that the first move would not be made by a major elevation bank and of it moved. clearing bank, and so it proved. After selective and regional advertising during the summer, Homelink has now moved to full-scale national promotion. It operates across the Prestel view-

formation are handled.

#### Homelink

monise

dards

Interestingly, it has progressively reduced the requirements for participating in the Homelink scheme, from a £10,000 building society deposit in the early trial phase to £1,000. You can transfer money between the building society and the bank, order bills to be paid, ask for loans, obtain credit cards and perform other routine banking

You either have a special Home Deck adaptor for your TV set, or you can access Homelink through your microcomputer as a member of Micronet 800, the other interactive development on Prestel active development on Prestel, this time mainly for the distribution of games to home micros by tele-software. Since its net has gained over 3,000 sub-scribers, although progress in the market has been somewhat delayed by problems of data corruption over the telephone

Micronet and Homelink. Private viewdata systems have to an extent taken over some of these same dedicated applications. BL and Ford for stock control in the motor industry; Rumblelows in the electrical retail trade, using Bishopsgate terminals; Thomas Cook in the travel trade. Barie in the pharms. trade; Baric in the pharmaceutical business—are all examples of successful application of the viewdata idea to specific purposes.

There is, indeed, a view now gaining ground that viewdata as a separate style of distri-buted computing will disappear, merging back into on-line com-munications and micro-computing, but taking with it its lessons of simplicity of screen display, ease of use, and common standards of communicommon standards of communication and screen lay-out. An example of this is the GEC Foxi system now in use in the Chemical Bank foreign exchange dealing room in the City of London, which is quasi-viewdats in that it combines the menu method of data selection and the arger method of tion and the page method of data display with standard video terminals in monochrome, and depends on its calculating power rather than a large data-

base for its performance. GEC, supplier of the basic hardware and software on which Prestel runs and operator which Prestel runs and operator of a private viewdata bureau used by British Rail and the Export Credit Guarantee Department, among others, is also marketing a range of private viewdata systems, in the range of £25,000-plus terminals to £50,000

nals to £500,000.

The pioneer of home banking in Europe was undoubtedly the Verbraucherbank of Hamburg. the market has been somewhat with a highly automated bank delayed by problems of data ing system and extended it to corruption over the telephone viewdata terminals, so that lines and acoustic couplers so clients could see their bank frontiers of technology.

It is the role of cable in the most interesting advances which are enabling and order foreign currencies to BBC and Sinclair owners.

Prestel has had a hard order foreign numbers of lamburg, act rather as motor racing does such as short form dialling, call of specialist and general for mation data bases, provide resiminated number of standards. From the user view such as short racing does for the big car manufacturers, both as PR and to advance the frontiers of technology.

It is the role of cable in the seign does such as short racing does such as short racing does for manufacturers, both as pervious and perhaps ultimately, deliver on the issence to the caller.

These same technological the form dialling, call of specialist and general form dialling, call of

of Prestel and viewdata is its inter-activity, this has brought a general reaction against the idea of universal telephone-based systems.

Prestel

Prestel

Prestel tiself has taken the route of special-purpose applications, such as travel industry, Micronet and Homelink. Private viewdata systems have to an extent taken over some of these

at blarrist that will attract most attention. Aimed at only 1,500 users (yet to be signed up) and using advanced fibre-optic cabling (now installed), its aim is to test both conventional uses of cable for distribution of multiple TV chamels—typically the Brench are according about the French are arguing about whether they all have to be French-language channels, or whether "foreigners" are

whether "foreigners" are allowed — and for state-of-the-art interactive uses such as picture telephones, interactive viewdata, database access and reservation facilities, and (per-haps most interesting of all) on-demand access to video material, whether feature films or (say) documentaries about the city's attractions. This latter may use laser-disc players at the cable head end to distribute the moving pictures, real time, to the requesting subscriber.

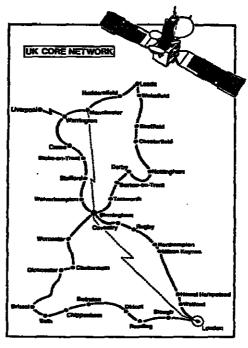
#### French PTT

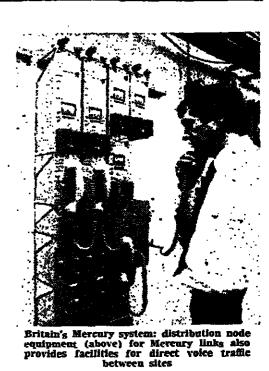
Whether all this works, and whether the huge cost to the French PTT (about £3,000 per home connected) is worth it, remains to be seen. But as a testbed for France's generally ambitious plans to cable the entire country with fibre optics as an industrial objective, it may justify itself in other than purely local comercial terms. purely local comercial terms. Similarly, some of the UK private cable operators, such as Rediffusion and Thorn-EMI, are planning state-of-the art cable act rather as motor racing does for the big car manufacturers,

can be genuinely inter-active. They can, if wanted, offer interactive services at marginal rates, assuming that the main revenues of the cable system are derived from entertainment services. They can offer sub-

gives a close approximation to inter-activity, and with the normal return path on the cable for supplying Prestel across cable systems, and is also offering Prestel-derived interactive services to cable operators. It anywhere, has yet managed to arywhere, has yet managed to scription rates as opposed to the time-based charges that are characteristic of telephone-based viewdata.

Whether they will do all these things remains to be seen. But U.S. experience tends to suggest that once cable has been built, there is an incentive to provide as many add-on services as possible, to generate maximum anywhere, has yet managed to demonstrate that there is a mask market for commercially-based inter - active services, but the development of cable, plus the penetration of personal computation of personal c





Robert Raggett analyses the formidable problems of switching to ISDN

## Race against time for super network

THE WORLD'S telecommunica-tions networks have developed over the last century, primarily to provide a means of analogue voice communications in which varying frequencies, correspond-ing directly to the sound waves generated by speech, are carried through a complex network of wires, cables, radio links and electro - mechanical switches. Currently more than 550m tele-phones are connected to this world-wide network, and most of them can be directly connected one with another.

Over the past decade, new electronics have provided the technical and economic means to begin to replace this ageing

analogue network with new electronic digital systems. Digital transmission and switch-ing systems, in which any form ing systems, in which any form of information—voice, data or images—can be represented and passed through the cretwork in the form of groups of coded digital pulses, offer many advantages over analogue systems in terms of technical performance and cost savings. Beyond these, because digital codes are the language of computers, the new digital networks will enable administrations to offer a whole range of new coming and retail installations whose objective is offer a whole range of new cominteractive banking and retail not narrowly commercial, but to puter-based subscriber services services, access to a wide range

high speed telex (teletext) and other electronic mail services are among some of the new in-formation services already

being demanded.

While new dedicated communications networks are being created to satisfy some of the demand for these services, in the long term it is clearly desirable to exploit the inherent capabilities and widely installed base of the future digital telephone network to create a single integrated services digital network (ISDN).

The ultimate goal is to provide subscriber to subscriber digital connectivity (both fixed

being exploited in the creation from the ISDN to other private of what has become known as data and information networks. the new information technology. In this way, for example, cushigh speed data transmission tomers so authorised will have between a wide range of terms. high speed data transmission while seems to banking networks to minals, facsimile, viewdata, terminal access to data bases, and high speed telex (teletext) and working at home will have full working at home will have full access to their company's private information networks via

the ISDN.
The ISDN cannot, of course, be switched on overnight. Its development will evolve over the next decade as more and more of the world-wide tele-phone network is converted for digital operation. A crucial challenge to planners today is to develop facilities and ser-vices that meet the customer's current needs, yet can evolve gracefully to meet future ISDN requirements.

#### Data needs

Telecommunications administrations and operating com-panies are already installing digital switching and transmis-sion facilities and developing sion facilities and developing network access, switching, signalling and transmission systems that will meet current data needs as well as the future expected international ISDN tandards. From the user view point the aim is to have a contract service services. Services British Televon Tender of the proposes to offer its ISDN subscribers include circuit switched data from 2.4 to 64 kbits/s, facsimile at 64kbits/s, facsimile at 64kbits/

Several administrations have introduced special data services which are clearly forerunners to the ISDN capability, while separate trial systems are being separate (rial systems are being established in a number of countries to gain both technical experience and customer response to tomorrow's telecommunications services.

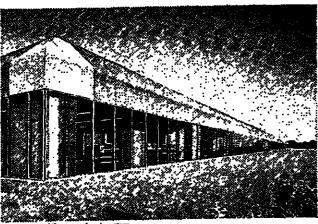
In the UK the introduction of System X digital telephone exchanges and high capacity exchanges and high capacity digital fibre optic, coaxial cable and radio transmission systems is providing the basis for the evolution to ISDN. System X features which provide digital access for customers, with an advanced signalling system and appropriate sell featiling managements. appropriate call handling pro-cedures for voice and non-voice calls, have already been intro-duced by British Telecom in London for business users. As the installation of System X exchanges progresses throughout the UK the facilities of this initial overlay network will be extended to other business centres. Services of facilities Telegram proposes to offer its ISDN switching service, slow-scan, and digital telephony.

to what extent international standards will be agreed and implemented. It is also far from clear if and how the emerging wideband cable networks being planned initially for cable TV will impinge on the traditional markets of the telecommunications administra-tions if they begin to offer voice and data services. There are also many technical problems to be overcome, not so much at the basic research level but in developing equipment and sys-tems at a price that is both sufficient return to the administrations. Price is crucial, for to succeed ISDN-related services have to be attractive and to be used by the mass residential sub-scribers. That market still has to be convinced that there are

the newspaper delivery boy. The public switched tele phone network has been allowed to evolve over more than 100 years in a period of relatively slow technical change and now provides a relatively efficient world-wide service. The integrated ser-vices digital network, in a period of rapid technical change and the convergence of telecommunications and com-But tigital tereproxy.

But tigs is just the beginning puter technologies, has, at the international standardisation very least, to emulate the success of the telephone netimportant to avoid, or at least work, and to do so in about one minimise, the conversion necessary at international gateways order and maybe just a dream.

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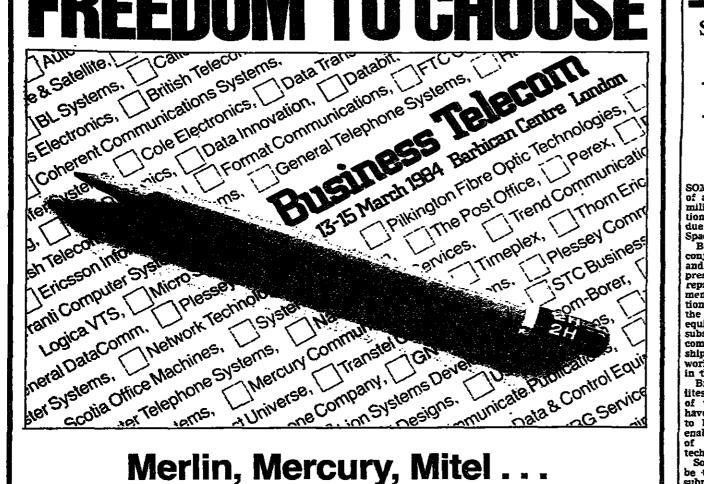
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#### WORLD TELECOMMUNICATIONS XXII

Spy satellites are the most advanced arm of defence communications. Michael Donne reports on developments in Britain and the U.S.

## Britain's Skynet IV launch via the Space Shuttle . . .

SOME TIME in 1985, the first of a new generation of British military defence communications satellites, Skynet IV, is due to be launched by the U.S. Space Shutle.

Built by British Aerospace in conjunction with Marconi Space and Defence Systems, the present two satellites envisaged represent the latest development in UK defence communica-tions techniques, embodying the most modern and secret, equipment that will ensure a substantial improvement in communications between British ships and land and eir units world-wide and their home base in the UK. Britain has had military satel

Britain has had military satelities before, but the Skynet IV—
of which virtually no details
have been released—is likely
to be sufficiently advanced to
enable Britain to keep abreast
of this branch of military
technology for years to come.
So advanced will these craft
be that, according to a recent
submission from the Pentagon
to the U.S. Congress, the U.S.
Air Force and the U.K Ministry to the U.S. Congress, the U.S. Air Force and the UK Ministry of Defence are drafting an agreement which would allow the U.S. to use part of the Skynet IV system in peacetime and in war. Both Skynet IV satellites will be launched by the Space Shuttle.



The new satellites are only ne indication of the revolution in communications that is sweeping through the defence estab-lishment, in response to the in-creasing pace of technological development across the entire spectrum of military activities. With the increasing deployment of guided missiles, both

conventional and nuclear, the itself has increased dramatically, requiring an equally substantial improvement in direct com-munications to enable com-manders in the field, as well as airborne forces and ships at sea, to keep obreast of or even ahead of, battle developments. In its broadest definition, defence communications covers the entire spectrum of links between the fighting forces and their home bases, and between individual unit or ship and aircraft commanders, and their frequency) to microwaves, immediate compatriets. The while the aguipment needs need is for very high speed, range from small handsportable continuous and coherent finks transceivers directly to microwaves. climate, by day and night, as complexes.

well as being resistant to enemy efforts to disrupt by jamming or other forms of direct attack. These demands have snawned already a major new generation

of radio communications sys-

Examples include the Ptarmi-gan trunk communications sys-tem now entering service with the British Army of the Rhine, which provides comprehensive and resilient area communications, with automatic rerouting in the event of enemy damage, and the Marconi Communications Triffid new-generation radio relay system now in production for the British Army.

The requirement of the defence establishment community

result in the research and even-tual production of equipment that can eventually have civilian uses. But the traffic is not all one way. Much of the know-ledge gained in the past in the development of civilian com-munications satellites, for ex-ample, is being applied to the latest Skynet IVs, and often research into new communications techniques can have direct applications in both the civil and military fields.

All this costs a great deal of money. While the electronics companies spend much of their own cash on research and development programmes, they are also substantially supported

that are sufficiently robust to plete radio broadcast stations surmount the rigours of modern warfare, and capable of operation under all conditions of lite earth and ship terminal in areas other than direct companies as Fernance and companies are companies as Fernance and companies as Fernance and companies are companies as Fernance and companies are companies as Fernance and companies and companies are companies as Fernance and companies are companies are companies and companies are companies and companies are companies and companies are companies are companies and companies are companies are companies and companies are companies are companies are companies and companies are companies are companies are companies and companies are companies and companie



A satellite leaves the cargo hold of the Space Shuttle: a dramatic impact on defence communications for the Western world

Many of these developments represent "spearhead tech-nology," in which the demands of the military establishment This year's Defence White Paper showed that combined total spending in 1983-84 on defence electronics, data proelectrical engineering would amount to over £1.4bn, or close to one-fifth of the pro budget

> While much of this cash will be spent on a wide range of electronic items other than direct communications equip-ment — such as guidance sys-tems for missiles of all kinds, radars for target acquisition and other purposes, navigational equipment, guinery control systems, and electronic counterwill be spent on direct

## ... marks growing scale of Western surveillance

Manned Reusable Space Trans-port System, to give it the full title), is likely to effect a dramatic revolution in defence

that is, not just the provision of a communications satellite launching capability for Skynet IV and any future U.S. defence communications satellites, but also for the regular surveillance from space of what goes on below on Earth, with the resultant information being transmitted from the Shuttle, or from the satellites it may be the statellites it may be the satellites it may be the satellit launch, directly back to Earth for the information of, and action by, the military estab-

This kind of communications This kind of communications capability is vital, for satellities are now capable of offensive military roles as well as passive ones, for example, carrying offensive weapons such as nuclear missiles.

#### **Improvements**

It has thus become necessary for the military leaders in the West to know virtually minute by minute what their potential adversaries may be doing.

As a result, over recent years, there has been a proliferation of "spy in the sky" types of satellite, undertaking 24-hours-asateinte, undertaking 24-non-squay surveillance not only of what happens on the ground but also of what is being done by Soviet satellites themselves. A by-product of this situation

A by-product of this situation has been a dramatic improvement in intra-space communications techniques, with both photographic and other data being capable of transmission electronically from the satellites (or the Space Shuttle) to ground stations for relay to the military commanders for intermilitary commanders for inter-pretation and subsequent action. It is likely to be only a short step in time before this type of communications technique is translated from the strategic to the factical sphere, with com-manders in the field being able to see in an instant on TV screens in battlefield command posts a complete picture of

enemy ground dispositions as detected by satellites and re-

THE U.S. Space Shuttle (or layed from space to mobile Manned Reusable Space Transground stations close by. Such information would also be simultaneously available to the higher echelons of command

For this purpose, "communiant instantaneous strategic cations" are being interpreted in their widest possible sense—tinuously up-to-date, thereby that is, not just the provision of making it easier for the more senior military commanders to adapt strategic accordingly.

#### **Potentialities**

In this new element in the overall defence communica-tions field the Space Shuttle will play a vital role. As a manned system, it will have a much greater versatility than conventional unmanned satellites.

The U.S. Defense Department has not been slow to recognise the potentialities of the Shuttle, and out of the hundred or more launches planned be-tween now and the mid to late 1980s, around one-fifth are allocated to the Department of Defense for a wide variety of

Although defence communica-tions satellite launches figure largely in those roles, it is be-lieved that more direct com-munications roles are also planned for some Shuttle flights, to test the efficiency of new, and as yet secret, surveil-lance and transmission techniques.

#### Applications

There are also some further, even wider, applications of defence communications techniques that are envisaged for the Space Shuttle and for the communications satellites it may launch. It has been argued by the U.S. Air Force for some time that satellite surveillance of air activity over a major battlefield area—even on a regional basis covering a vast battlefield area—even on a reglonal basis covering a vast
area, such as the Central Front
of Nato on the Continent—
might be even more effective
than that carried out at present
by such systems as the Airborne Warning and Control
(Awacs) aircraft or the Air Defence Ground Environment
(ADGE) radar chains that
already exist, giving early indications of enemy aircraft or
missile attacks.

The control of an air battle by means of satellite observa-tions of enemy movements being relayed directly to air-craft whilst in the air is already close to reality, requiring only an adequate number of satellites to achieve it.

These are not far-fetched, science-fiction notions, but serious projects now under study in the U.S. military establishment, with a view to maximising the benefits generated by the new space surveillance and communications capabilities of the Shuttle system. Laser long-range transmission techniques, and the development of mobile satellite earth receiving projects now under satellite earth receiving stations on land vehicles as well as on ships, coupled with im-provements in short-range radio-telephony on the battle-field itself, seem likely to revolutionise military com-munications in the years ahead.

The three basic requirements of all deferice com-

showed that such electronic companies as Fernanti, General Electric and Plessey Group all had over £100m from the defence programme in 1981-82-Philips Electronic and Associ-ated Industries, Racal Elec-tronics, Sperry and Thorn-EMI each had between £50m and £100m; Cable and Wreless between £25m and £50m; and Cossor Electronics and Standard Telephones and Cables between £10m and £25m. While it is impossible to quantify precisely the amounts spent on communications equipment, it was never-theress substantially within the

overall figures. This spending can be expected to rise in the years ahead. Not only will the overall volume of defence communications equipment required increase, but the increasing technological complexities of readern warfare will also modern warfare will also generate new techniques—especially, for example, in the ever-widening field of electronic counter-measures (ECM) and electronic counter-counter measures (ECCM).

measures constantly to improve the reliability and integrity of what is called Communications "Command, Communications and Control" to keep pace with what the enemy is doing is already one of the most vital aspects of modern warfare (as experienced in the Falkiands conflict showed clearly), and is also just as significant in peaceaspects of modern warfare

ments of all deferice communications systems are speed. The research drive is finus
reliability and coherence likely to be unrelenting, and it
Research into all three is uncasing, and the developments of " to civilian use will also
that lie ahead seem likely to improve significantly once the
eclipse those that have needs of the military establishalready occurred.



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#### WORLD TELECOMMUNICATIONS XXIII

## High-speed approach to public radio-telephony

THERE CAN HARDLY have capacity but which is still under channel can be allocated to the and such things as service areas been an area of electronic development, Siemens has the caller.

C-900 and NEC in Japan is The process takes only a However, John Garrett, technology that has undergone been an area of electronic technology that has undergone such a trauma of change in

a little more than a year there has been a Government has been a Government amouncement that two competitive cellular radio services will be sanctioned, followed by an intense period of media and industry discussion, the formation of several consortia, and finally the granting of licences to two of them with a proposed start-up date of early 1985.

chosen network equipment sup-pliers: Motorola is to provide an initial £20m of switches and transmitters to the British Telecom-Securicor grouping while Racal Millicom has amounced that it expects to buy £100m of network elec-tronics from Thorn-Ericsson. All of the mobile radio industry is expected to offer mobile units

This welcome high-speed approach in fact has been preceded by an incubation period extending back to the late 1950s when Bell Labs came up with the "cellular" idea.

#### Cost-effective

However, only recent advances in fast computerised exchanges, together with radio-telephones that can be rapidly re-tuned by computer, have allowed such systems to become practical

There has already been considerable progress in other countries. Scandinavia has had an operational service (NMT) since 1981; there are others in Japan; the German C-900 system will go into public service next year, and there are two major trials in the U.S. that are about to be converted to commercial

Many systems have been on offer from manufacturers, too. There is the original AT & T concept, AMPS (advanced mobile phone service) and a variant from Motorola called Dynatac which will be used in the UK by BT/Securicor. strength). The central computer tives urgently need hard data probably during 1985. Philips/Tekade have offered then knows which set of on mobile equipment prices,

actively seeking international fraction of a second. When business. Ericsson, which demoving from one cell to the veloped the NMT system, will next the channel frequency elephony. veloped the NMT system, will in the UK, for example, in supply Racal-Millicom.

Celtular radio will completely change the radiotelephone scene. The reason is simply that with conventional "one trans-mitter per city" systems, the operating authorities (historic-limited extent only and are small in number because of spectrum allocation policy.

As a result demand always exceeds supply and the price of these services remains high. To cover a large city satisfactorily the transmitter must be high powered to reach the edges of, say, a 25-mile diameter

area. Then, however, it is likely to interfere with other cities up to 100 miles away, making wide re-use of the channels difficult. With cellular techniques, the total service area is divided up înto several "cells," each with

its own low power transmitter

and highly sensitive receiver. Each cell has sufficient channels allocated to give a satisfactory grade of service (minimum waiting) but the key Doint is that the low transmitter power allows these channels to be re-used in a second cell perhaps only a few miles away. The number of subscribers that can be accommodated can be

easily increased 20-fold. Each of the cell stations is land-line, connected to a switching centre which sets up calls to and from the public tele-phone network and also hands vehicles over from one cell to the next as they move about.

Typically, when the user lifts his handset and keys a number, the vehicle or hand-portable unit broadcasts a request for a voice channel using a special signalling frequency. The cell base stations monitor the signalling channels, enabling the central computer to know where the vehicle is (by compara-tive measurements of signal strength). The central computer

changeover may take place in mid-conversation but is generally The AMPS system, on which Motorola's Dynascan equipment is based, uses sectored direc-These enable it to address a particular mobile while sending less signal in other directions,

reasing the system capacity reducing interference with other cells and permitting even more frequency re-use. In the U.S., where trials are two or three years old, engineers are already considering some of the problems that will arise if demand, as expected, rises dramatically

#### Immediate go-ahead

This is about to happen in the AT&T Chicago trial and American Radio Telephone American Radio Telephone Service, which runs the Washington Baltimore system, has applied for immediate go-shead. At a recent London conference put on by Oyez and sponsored by the Mobile Radio Users' on, Andrew Lamothe, technical director of ARTS, said it was likely that even the latest electronic switching units will be over-taxed by the 60,000 or so subscribers expected by 1987.

At peak times of the day the system might have to carry out one switching transaction every microsecond (millionth of second). So it will probably be necessary to use distributed switching centres able to "talk to each other" in order to avoid

AMPS-based systems, only power and money." Some 2,000 limited operational data is cells would be needed, rising available about the two services to perhaps 10,000 if extensive—a criticism made by Walter coverage of the country is restricted. Health Parkin Research to the services will start in Stevenson, chairman of the Mobile Radio Users' Association. He believes that companies

nical director of the BT/Securicor venture, was at the con-ference in London and was able to give some idea of the stan-dards now being developed at the Department of Trade and

Industry. An important area needing development beyond that applied in the U.S. to AMPS is "roaming." It should be possible for any UK user to roam into areas served by the competing system. Furthermore, a British motorist, for example, should eventually be able to use his equipment in any other European country. BT/Securicor and Racal Milli-

com have started talks on the subject. Apart from inter-system roaming, other interfaces are under active consideration. One is the "air interface" which covers both signalling across the radio path and the neces-sary performance parameters of the mobile units, allowing radios from different makers to give acceptable performance.

Another is the connection be tween radio systems and the public switched network; there will be a range of options which can be used in negotia-tions between BT and the two operators. It will also be no sary to specify speech levels at the various interfaces to assure acceptably noise-free

Type approval testing is to be performed by an agency yet to be appointed and testing is expected to start in mid 1984. Garrett thinks people might

be getting the wrong impression about the availability of the new cellular service in 1985. It will not immediately cover to each other" in order to avoid the whole country. "The enthrongestion, siasm to achieve this" he points out, "is necessarily tempered out, "is necessarily tempered by the availability of mannms-based systems, only power and money." Some 2,000 imited operational data is cells would be needed since

So the services will start in London and will extend to Birplanning to spend considerable mingham, Manchester and to sums equipping their executive motorways connecting them,



Marconi's Marcryp case offers encoded telephone security worldwide-in a briefcase. It combines the speed of the telephone with the security of advanced electronic cryptography

Geoffrey Charlish discusses advances in teleconferencing' services

## Face-to-face links come into focus

THE IDEA that people should be able to see, as well as hear, each other over a two-way communications link is almost as old as television itself. One of the first practical manifestations was the experimental Bell Picturephone in the 1960s in which a tiny screen was assoclated with a telephone instrument and a miniature camera

While the concept is still a favourite with science fiction TV writers, in real life there are two barriers. One is that it is far from certain that in an ordinary phone conversation people actually want to see each other. The other is that the cost

will probably always rule video out, even with the newer "band-width compression" systems systems that are now emerging. Public telephones with video, such as costly and might well remain

paid people whose time is at a premium and who are accustomed to spend a good deal of their company's money travelling about the world, it might be a different matter. The world's travel agents estimate that the annual busi-

ness travel and entertainment market is worth \$600bn. As one communications company executive put it: "Just 1 or 2 per cent would suit us nicely.

#### Linked systems On offer will be "tele-conferencing" systems in which

geographically separated groups of people using linked TV systems can "meet electronically" without travelling. In fact, such services have (intraframe processing).

been available for some years but have not been as successful as was hoped, due mainly to cost and inconvenience—often participants had to travel BT has had a teleconference-ing service, Confravision, since

1973, and engineering trials to France, Italy, West Germany and the Netherlands, where there are similar services, have been going on for some months using bandwidth compression Trial services to Canada will

be offered and service to the U.S. will be possible with either Satellite Business Systems (SBS) or AT & T, the latter using spare capacity on trans-atlantic cable TATS.

In February, Intelmet was launched—the first privately operated videoconferencing service run jointly by Intercontintal Hotels and Comsat General.

The resurgence of interest is due to developments in the key technical areas of bandwidth compression, public digital transmission at high information rates and in the "chip" technology that allows these advances to be realised at res-

Bandwidth compression is a technique in which, by ignoring some of the information in each television picture frame, less needs to be sent per second.
For example, if the picture is static, there is no change of data between one frame and the next. So once that frame has been transmitted, it could be standard at the other transmitted.

be stored at the other end and not sent a second or subsequent

times—so reducing the data Until recently, these techniques tended to degrade the picture rather badly; if there was to be a worthwhile bandwidth reduction, not much motion could be tolerated in

These methods depend on being able to store each frame in an immediately accessible way for processing. So each picture element (pixel) in each of the 625 lines is given a digital code and stored in a

the picture.

solid state memory.

It is then possible for the electronics to "consider" the picture content in various ways. For example, it can compare each pixel with its counterpart in prevous frames (interframe processing) to see if it has changed (sending no data if it has not).

Alternatively, it can divide up each frame as it occurs into slower transmission of one TV small areas, sending data at a lower rate for those that have small variances of picture conamd diagrams to be sent while tent. For example, if one of the areas is completely white or black, very little data need be sent to describe it. If it contains, say, part of the image of a face, more data is needed

As the amount of motion in the picture increases, interframe processing can give rise to jerky, blurring effects in the received picture. Intraframe has no such problem (since there it no frame-to-frame comparison) but can give rise to

less crisp, low-motion images.

In July, a Californian company called Compression Laboratories, in an algorithm of its own, announced that it had combined the two techniques so that, as movement in the picture increased. ment in the picture increased, there was no serious loss of quality. It expects most of its but the announcement triggered off a response from GEC Jerrold in the UK, which revealed it in the UK, which revealed it had developed a similar "codec" (coding/decoding system) and was supplying 60 to British Telecom for trials.

The system was successfully demonstrated in a link between BT studio and Phoenix Arizona in September. A similar link will be set up soon between London and Los Angeles for the Third Annual Teleconferencing Users' Association, and another between Geneva and London while Telecom 83 is in progress.

#### Trials

The GEC-Jerrold devices will be installed in a number of locations in a nationwide and European trial. For the time being, these will make use of ad hoc cable, optical fibre. or microwave connections from customers' premises. Ultimately it is planned to deploy codeca directly at the users' office or factory—when volume produc-tion drops their price and when

suitable capacity digital services are available.
BT expects to have about 50 private terminals and the existing Confravision studios on the etwork by the middle of 1984. Sandra Neilson, responsible

for marketing of the interna-tional service at BT, believes there is now substantial interest in teleconferencing services in Europe. She sees growing dis-quiet about the amount of cash tives moving about the globe.

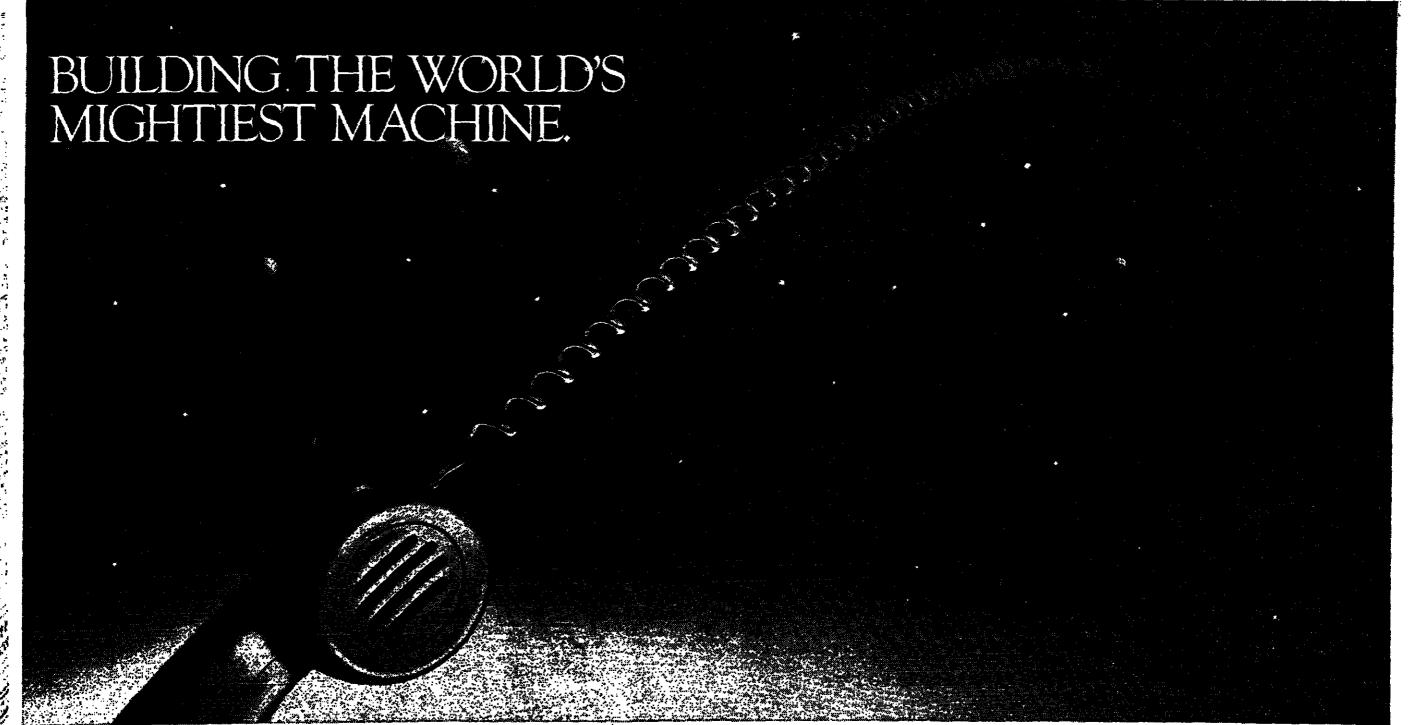
As well as designing the transmission electronics, Com-

pression Labs and GEC-Jerrold have both developed compact studio equipment consisting of dual monitor and camera on a trolley that can be wheeled into

any reasonably large room.

Apart from face-to-face conferences, graphics facilities are provided in which the slightly The cost of such new services

within the UK is yet to be revealed, but the half-way price to the U.S. is understood to be about £800 an hour, and



It's by far the biggest and most complex artifact man ever created.

It's taken more than a hundred years to bring it to its present stage of development. But it's only now that the full potential of the worldwide telecommunications network is becoming apparent.

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Data processing and office automation by

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Improved quality combined with falling costs have greatly improved potential, says Jason Crisp

## Optical fibres make a commercial breakthrough

OVER 100 years after Alexander Graham Bell examined the possibilities of transmitting speech using light the era of optical communications has

Telecommunications authorities around the world are now beginning to place large commercial orders for optical fibre systems for use in their trunk networks. Submarine cable systems are now on the verge of charging form are reasonable.

Optical fibres have been one of the most dramatic recent innovations in telecommunicarevolution, of which they are part. Optical fibres are hairthin strands of exceptionally pure glass which can carry many thousands of telephone conversations in the form of very fast streams of light pulses.

The commercial potential for

The commercial potential for optical fibre was discovered by two British scientists in 1966 at the Standard Telecommunications Laboratories in England. Since then there has been a worldwide race to make optical fibre a commercial proposition. The quality and technology of the glass fibre itself has improved greatly and its cost is falling. At the same time there have been major steps forward in the opto-electronic tech-nology which produces the pulses of light.

#### Conventional

The result has been a major reduction in costs which is making optical fibre cables competitive with conventional copper co-axial. Optical fibre has a number of advantages:

It can carry very large amounts of information and data. A typical pair of optical fibres being installed at present can carry the equivalent of 2,000 telephone calls. • It is very thin and light-weight, which means cables are smaller and more easily and cheaply installed. Also more cables can be fitted in the crowded ducts in cities.

Optical fibre cables need fewer repeaters than co-axial cable to boost the signals. With the highest quality fibre repeaters can be 30 km apart using current technology. In a compact country like the UK that means practically

warm dry exchanges.

Immunity to electro-magnetic and radio interference — par-ticularly useful for telecommunications cables in city areas where there can be problems of interference from, for electricity supply

• Greater security as it is virtually impossible to "tap" an optical fibre. The bandwidth is greater which means more information can be carried.

At present the world market for optical fibre systems is com-paratively small and the great majority of applications is in telecommunications. But as the costs of optical fibre and the associated electronics fall so the potential market dramatic-

Already optical fibres are Broadband Network which will such more economic than provide major communications paxial cable in trunk tele- facilities including the distri-

communications. Now telephone authorities are examining their authorities are examining their use in the junction network which links local exchanges and in many cases optical fibre is becoming economic. Eventually optical fibre will be cheap enough to connect up individual homes in the local network. Already many countries are looking at providing a wide range of services to the home via optical fibre cable. These services include cable television and audio, teleshopping and and audio, teleshopping and banking, video games, access to data bases and videophones.

#### Microwave

British Telecom is believed to be the first telephone authority (PTT) in the world to commit itself in 1981 to using only optical fibre in the trunk network from 1984 on. From April I next year all new cable in the UK trunk network will use optical fibre. By 1990 half the BT trunk network will be optical fibre, about 25 per cent will be using co-axial cable previously installed and the remaining 25 per cent will be

Also in the UK, Mercury, the private sector network com-petitor to BT, is shortly to build its trunk network using optical fibre. Mercury, owned by Cable and Wireless, BP and Barclays Merchant Bank, is to lay optical fibres alongside British Rail tracks in a figure-of-eight loop linking London, Bristol, Bir-Manchester

The world's first commercial monomode optical fibre system was commissioned in the U.S. by Continental Telephone of New York last month. (The first UK commercial monomode link between Luton and Milton Keynes is due to be commis-sioned this year.)

In the U.S. a major demand for optical fibre is developing. American Telephone and Telegraph (AT&T) is building a major optical link along the East Coast between Boston, New York and Washington, the latter part of which was opened earlier this year. AT&T has also launched 1,200 mile fibre-optics programme to link 10 U.S. cities at a cost of over \$100m.
The programme will link The programme will link Philapelphia and Pittsburgh, Pittsburgh Antonio and Seguin, Atlanta and Charlotte and Greensboro in North Carolina.

MCI, the leading long-distance carrier competing with AT&T, has ordered 62,000 miles of monomode optical fibre from Northern Telecom, the telecommunications Canadian supplier, worth between \$50m and \$100m. The fibre will be used in 4,250 miles of cable in MCI's East Coast telecommunications system. The cable will initialy be used to increase capacity between New York and Washington and will be laid alongside Amtrak railway

lines. Northern Telecom is also a major supplier of optical fibre systems in Canada, including the 3,200 km Saskatchewan

bution of cable television.

The leading suppliers of optical fibre for telecommunications in the U.S. market include Western Electric, ITT. Northern Telecom, Slecor, NEC. General Telephone and Electronics, Valtec, Raytheon, Fujitsu and L. M. Ericsson. Japan has announced plans

Japan has announced plans for a massive introduction of optical fibre systems over the next decade. Nippon Telephone and Telegraph is to instal a fibre-optic-based "Information Network System" (INS) which will connect the Japanese archipelago with telephone, data communications facsimile and image transmission, costing and image transmission, costing many billions of dollars. NTT has begun an experimental INS schemes in two suburbs of Tokyo. Leading companies include Fujitsu. NEC, Hitachi, Oki and Sumitomo.

One of the best known fibre-optic projects in Europe is the French plan to "wire-up" French plan to "wire-up" Biarritz. The plan is to connect 5,000 homes. Households would be able to receive television and radio, send mail to each other by facsimile and have access to data banks with a viewdata system. France's first inter-city fibre-optic link covers just over 20 miles between Le Mans and La Fleche, which is being supplied by Compagnie General d'Electricite.

#### Showpiece

West Germany has a number of fibre-optic schemes, of which the best-known is the BIGFON project providing television, telephone, data, graphics and other services to six cities: Berlin, Dusseldorf, Hamburg, Hanover, Nuremburg and Stuttgart. The main fibre-optic com-panies in West Germany include Siemens, Standard Elektrik Lorenz (part of ITT) and AEG

The UK has not chosen to establish similar show-piece communications systems such as Biarritz, BIGFON or the Japanese INS. British Telecom, however, does have a very small project in Milton Keynes which links a handful of homes with television, viewdata and so on. The technological lead in optical fibre technology is strongly contested between Japan, U.S., Canada and the UK, closely followed by West

laboratories in these countries often compete to transmit transmit along the stretch of fibre without using a repeater, the real lead is likely to be the result of demand. Already the U.S., Canada and Japan, for different reasons, are indicating particularly heavy levels of demand. The demand is crucial because of the need to gain volume produc-tion which can dramatically

national competitiveness. Britain's strength in optical fibre technology is largely because of British Telecom's strong interest. BT's own research in the field, together with a strong purchasing pro-gramme, has helped British companies, including Standard Telephones and Cables, GEC,

reduce costs and increase inter-



Corning opened a brand new ing ANZCAN, the link between CGE. factory in Deeside to produce optical fibres. BICC is a licensee of Corning of the U.S., the to establish its lead in optical AT&T also owns half the cable world's leading producer of fibre technology to keep its it is a foregone conclusion it optical fibre. The joint venture dominant share of the undersea will also win the lion's share of called Optical Fibres. The new factory, which cost £17.5m, is probably the most modern optical fibre factory operating in the world. The current capacity is about 60,000 km a

year but is capable of being easily increased to 100,000 km. At present the great majority of output from Optical Fibres' factory goes to British Telecom. Plessey, one of Britain's leading telecommunications sup-pliers, works with BICC and supplies the opto-electronic devices in joint bids with BICC. GEC and STC both produce fibre and the opto-electronic

equipment. Standard Cables' first interest in optical fibres is their use in undersea cable systems. STC has about 60 per cent of the available market for undersea cable BICC and Plessey. market for undersea cable Earlier this year BICC and systems and is currently build-

Australia and New Zealand and mitted earlier this year and Canada. It is crucial for STC adjudication is imminent. As

#### Attractions

Economically, optical fibre is potentially very attractive in submarine cables because of the distance between repeaters. Submarine systems have a design life of 25 years and the repeaters are built to a very high and expensive specification to meet this requirement. With optical fibre cable the number of repeaters can be cut substantially: the problem is that the technology is not proven, in that it has not yet been in existence for 25 years.

The battle is now on for submarine systems using optical fibre. The major order is TAT 8, the next trans-Atlantic cable, which is due to come into service in 1988. The bidders are AT&T, STC and Submarcon, a subsidiary of the French group important.

marcon are also expected to win

STC is also bidding and expected to win, the first international undersea cable link. This will join UK and Belgium, with links on to West Germany and the Netherlands. The contract, worth between £7m and E8m, will come into operation in 1985 and provide a capacity of the equivalent of 12,000 telephone lines There are over 100 companies

worldwide which are competing for part of the fast-growing market for optical fibres. At the moment most applications are in telecommunications but others, particularly defence, are also developing quickly. Most observers believe there will be a shake-out in the industry, which makes the rush for market share even more more

Improving the communications capacity of spacecraft has become a top priority, reports

Elaine Williams

## Trend towards ever-larger satellites

ABOVE THE EARTH, a number information to Earth while of tiny busy bee-like satellites signals from the ground stations circle the globe. Their job is are at 6 GHz. As the trend is to pass telephone conversations, to eram even more channels on both personal and business, comboth personal and business, com-puter digital codes over vast distances from one point on the upwards requiring sophisticated technol

tant part of the world's long-distance communications network vying with cables for the business and home telecommunications market. While cables may have a life of 30 years or more, satellites remain in their orbit for about seven years before either running out of power or being superseded by better craft. For the satellite builders the aim is to cram more circuitry on the spacecraft to handle great amounts of tele-communications traffic.

In theory, satellite communications are very simple. Aim a radio beam at a tiny spinning craft some 23,000 km above the earth. At this height the satellite rotates at the same speed as the earth and therefore remains over the same point on mains over the same point on the earth's surface. This means that 24-hour communications is possible between any two ground stations which can transmit to the satellite. Electronics on board the satellite detect the signal beamed from the ground, amplify it and retrans-mit it back to another point on the earth's surface. To give worldwide coverage only three satellites are needed. Unfortunately there is a limit

to the number of satellites which can occupy the geo-stationary orbit. The practical limit is about 180 spacecraft at this distance from the ground. With increasing pressure on cast satellites. These also pro-long distance—communications—vide—communications but of a and the growing demands from much wider nature than those developing communications—the tributes, mu by hintestat at CA in space communications—the result of the communications and the communications of the comm nology has to be developed so teles or computer transmit that a single satellite can have Direct broadcast satellite

for 109 nations, is the largest of user of the geostationary orbit. since It has 15 craft circuiting the Earth above the Atlantic, Pacific and Indian Oceans. Its next generation of com-munications craft, now under

construction by Hughes in the U.S. and costing \$1.50n, is Intelsat VI. Each of these craft will weigh 1.7 tonnes in space and will handle up to 35,000 two-way telephone conversations. tions. For comparison, Intelsat's first satellite, Early Bird, launched in 1965, weighed a mere 39 kg and carried 240 calls.

carry this out.

For example, RCA's next models in the K series of satellites to be launched in 1987

will be operating in the 11 to 14 GHz frequency bands. The trend in satellite com-munications is towards ever larger satellites in the geo-stationary orbit. British Aerospace is now well advanced with the development of L-sat (with the L standing for Large). This spacecraft is being built under a European Space Agency contract and the first launch is planned for 1984. L-Sat weighs 2.3 tonnes and

will have solar panels measur ing 36 metres from end to end. It will provide 200,000 simul-taneous telephone calls beamed to 2.5 metre diameter ground aerials. The satellite will pioneer communications in the 20 to 30 GHz frequency range— the highest yet for any type of commercial satellite com-

munications system.

Britain and Italy are the largest contributors to this project—each providing some 34 per cent of the total cost of L-Sat. Italy in particular has a problem and hopes to add 150,000 telephone circuits between 13 cities with the new

#### Boundaries

-Much interest has also shown in so-called direct broadinto people's hor

mit over~ much discuss vision signals beyond its own borders where some countries have expressed objection to being bombarded by uninvited

to overcome this problem. Satel l'hese contoured antennae allo Most of today's communications satellites operate in the the signal strength falls of GHz band to transmit sharply outside its boundary.

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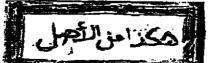
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Financial Times Tuesday October 25 1983

#### WORLD TELECOMMUNICATIONS XXV

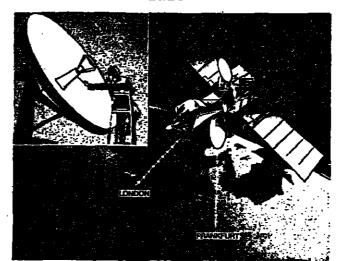
How the FT transmits full-page reproductions from London to Frankfurt



simile machine (left) in the London office of the Finanquality reproductions of the London pages to Frankfurt for the paper's international

The system uses a 48 KHz vide-band British Telecom circuit and has been in successful operation for nearly five years. During this period no pages have been lost through technical reasons.

Right: pages have also been transmitted to Frankfurt by satellite from London. This experiment was set up in association with British Telecom and West Germany's Bundesposte using the European College of the Control o



The modern exchange is starting to look and behave more like a computer. Jason Crisp explains

## More powerful role for PABX

THE ONCE-HUMBLE private automatic branch exchange exchange many more features -PABX-is rapidly emerging as one of the most important elements in the electronic, automated office.

Where there were once a handful of manufacturers of PABXs, there are now dozens. And while the PABX market has been one of the strongest growth areas in the fast-growing field of telecommunications, there have digital—as their main function already been a number of casualties.

of the changing role of the telecommunications group, to PABK has been the close develop products integrating relationships that have been voice and data communications. formed between telecommunications manufacturers and computer companies this year:

The most significant is Inter-The most significant is International Business Machines (IBM), the world's largest computer group, and Rolm, a fast-growing Californian telecommunications group. In the summer, IBM bought a 15 per cent stake in Rolm for \$229m and an option to increase its stake up to 30 per cent. (IBM had, until that point, been working with Mitel of Canada to develop a range of office systems around its SX2000 exchange.)

Rolm had already formed technical links with Digital Equipment, Johnson Controls

One of the key indications Ericsson, the leading Swedish • Joint technical agreements for inter-connection of PABXs and computer equipment between Northern Telecom and Hewlett-Packard. Data General.

Digital Equipment and Sperry. ● ICL, the largest British-owned computer group, is to sell Mitel's new large digital PABX which will become an important part of its own move into office automation. Mitel also has a technical agreement with DEC to develop a PABX to computer interface.

Breakthrough

● Rolm had already formed technical links with Digital Equipment, Johnson Controls and Hewlett-Packard to link various computers, terminals and building controls via its CBX family of digital exchanges.

● Honeywell, the U.S. computers and controls group, has set up a joint venture with LM

Digital The modern PABX is increasingly becoming to look and behave like a computer. The breakthrough came in the 1970s with the introduction of stored program control (SPC). The advantages of these exchanges with the introduction of stored program control (SPC). The advantages of these exchanges with the introduction of stored program control (SPC). The advantages of these exchanges have entered the field. In the U.S., more than 20 companies have entered the field.

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In the U.S., northern Telecomm program control (SPC). The advantages of these exchanges have entered the field.

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In the U.S., northern Telecomm program control (SPC). The advantage have entered the field.

extrange many more reacures through its computer control. Many of these features, previously sold as extra facilities, have become the standard facilities on a modern exchange. The exchanges themselves normally use analogue as to carry and switch voice

use are still second generation equipment. But a number of these exchanges have been sub-

their ability to handle data.

The so-called third generation
PABX is digital and is designed
to carry voice and data communications and can link a terminal with any computer. The advantage is that data can be carried without conversion into analogue. It means data communications on a site can be made via the already

One of the results of the biberalisation of the U.S. market, and the growing importance of the PABX, has

Two companies however have

ently dropped out of the field after failing to make a signifi-cant impact on the U.S. market. Datapoint, which in 1981, announced an impressive (fourth generation) exchange which appeared to be able to integrate local area networks, recently withdrew from the

market with negligible sales. Wesscom, part of Rockwell, has also withdrawn from the market having sold about 200 systems. Ironically the Rockwell exchange is to be sold in the UK by Philips, the Dutch electrical group, which took out a licence before the U.S. group decided

to pull out. The difficulty of developing advanced digital exchanges is also shown by the fact Philips was mable to develop its own digital PABX in time to meet the comparatively slow liberali-sation of the UK market.

Philips has adapted exchange for the telecommunications Wesscom British system and is to continue to offer it in spite of Rockwell's withdrawal

developing the so-called fourth generation PABK which uses distributed processing and is a major impact in the U.S. and wide-band switch.

Mitel, the 10-year old Canadian group which has made a major impact in the U.S. and Europe with its low cost wide-hand switch.

Ideally, such a PABX is large with its low cost totally non-blocking (ie, all lines and extensions can be used at targe digital PABX. The delays the same time) and it can be at Mitel became public because fully integrated with local area networks and packet-switch.

After working with Mitel for nearly a year, IBM pulled out of the joint relationship when it bought its equity stake in Rolm. Little secret was made of IBM's irritation at the delays in producing the SX2000.

#### Limited form

Mitel now says the SX2000 will be produced in a limited form this Autumn for ICL to install in the UK for technical approval. Full production is not expected until next spring with deliveries of the full system beginning after April in the U.S. and UK.

Mitel is not the only company to suffer problems developing a large digital exchange. Rolm itself was much later than originally intended with the large version of its CBX exchange.

The liberalisation of the UK market has attracted a number of suppliers of PABXs. Before the government's liberalisation took place the PABX market was arbitrarily divided into

British Telecom was the monopoly supplier of all exchanges of under 100 lines. It also permitted a limited number of companies to supply large PABXs direct including IBM, STC, GEC (a licensee of Northern Telecom's SL-1),

Plessey (a licensee of Rolm's CBX) and Philips. The suppliers of small PABXs to BT are Plessey and GEC with the Monarch, TMC, part of Philips, and STC with the Herald and Mitel with its SX20

As a result of liberalisation, a number of other manufac turers are entering the market. These include Plessey, with a new exchange IDX which it developed itself which is dis-puted by Rolm, STC, also with a new exchange developed by ITT, Harris, Ferranti-GTE, and ICL, with the late Mitel SX2000.

Worldwide, the PABX market is likely to become tougher and margins will be squeezed as a result of the number of competitors in the field and the growing importance of the PARX as part of electronic office systems. And while companies previously sought to increase profitability on sales by offering additional software to give extra facilities a newer trend is to supply peripherals such as advanced workstations. Their sophistication can vary greatly from a microcomputer to a dumb terminal.

London's dockland is well-sited for expansion of telecom-related industries

## Switch of gear for dockland

Europe's largest single area available for development, is adjacent to the world's most dense telecommunications mar-ket and thereby looks set to become one of the major centres of telecoms-related industries in the UK.

An enthusiastic Development An enthusiastic Development Corporation, plus advanced plans for two large-scale satellite earth station complexes, and a joint Anglo-U.S. cable franchise application, together with existing information-based industries such as film and television production and publishing plus activa interest from UK and U.S.-based telecoms service and manufacturing organisations, are combining to make Dockare combining to make Dock-lands the natural centre for telecoms-related industries in

London.

By the end of 1984, both BT and Mercury plan to have operational earth station complexes in the area. The BT facilities, to be located on the south side of the Royal Docks, will be used to provide leased television circuits, via the European Communications Satellite (ECS) system, and broadcast television services via an Intelsat link to the headends of UK cable networks.

BT will also use the earth

BT will also use the earth station to supply satisfream services to customers in the Docklands area who cannot be readily accommodated by exist-ing small dish antennae. Within a year or two, BT would hope to expand their

facilities to support a full range of business telecoms services on transatlantic and European The Mercury earth station

would be used to provide business services from the outset. High capacity links to North America via Intelsat V are planned for 1984 to be extended later to Europe and the Far East. The earth station would east. The earth station would also function as a local distribution node, bringing Mercury's high capacity digital services into the heart of Docklands.

Initially, both earth station complexes will be connected to their respective carrier's trunk

their respective carrier's trunk networks by microwave radio links. At a later stage microwave links will be replaced by high capacity cable. The Mercury facility would be linked directly

DOCKLANDS, into the carrier's trunk network access node in Central London The pattern which emerge from this type of development has many features in common with the proposed New York Teleport development; large-scale satellite earth station

facilities linked by high capacity racinities inker to mgit espacity cable to a major telecoms market and located in a low cost area with sufficient space to provide economical accommodation for the back office functions of major companies in the bank-ing, insurance and information

#### Joint venture

The New York Teleport, a joint venture project between the Port Authority of New York and Merrill Lynch, builds on this pattern to provide an integrated satellite communications centre/office park in which accommodation is specifically designed to meet the require-ments of telecoms intensive industries such as broadcasters, cable programmers, financial in

stitutions and data processors. The area is already host to a number of high technology re-lated organisations. A prime example is the £10m Limehouse Studio complex on the Isle of Dogs. Limehouse has been established to meet the programming demands of Channel 4, U.S. and UK cable and the video cassette and disc market.

Publishing organisations with a major presence in the area include News International, a major shareholder in Satellite Television and the Daily Telegraph which has recently agreed to build a new printing plant on the Isle of Dogs. One of Lime-house's major shareholders. Associated Newspapers is also considering a new printing plant in Docklands.

The Docklands area is also attracting the attention of alter-native telecoms networks. For example, Channel 2000, a UK cable consortium, headed by Robin Hill of Merseyside Cablevision and David Donoghue, marketing director of Lime-house Studios and including U.S. telecoms company Western Union as the cable layer, has applied for an initial cable fran-chise for Tower Hamlets.

Michael Wiltshire

# Anead of all others...



☆ Direct Broadcasting

Trunk Communications

\* Mobile Communications

❖ Data Communications Video Conferencing

# Business Communications

OLYMPUS family, the most powerful communications satellites yet, the first of which will be aunched for the European Space Agency in 1986. British Aerospace is now well established as a world leader in the design, development and supply of communications satellites and their equipments. Apart from the prime contractor role in the ECS and MARECS programmes. British Aerospace is also supplying SKYNET 4 Kingdom Armed Forces and UNISAT sateilites for the direct broadcast of two TV programmes to British homes from 1986 onwards. The company has also played increasingly important roles in Intelsat programmes and is currently the principal







latter William

Raymond Snoddy looks at a fast-growing sector

## Data base services may grow by 20 p.c.

on-line data base specialising in the Middle East went live in London. On File has been set up by journalists, of the rising interest, in the most of whom have been cor-respondents in the Middle East to provide what is claimed tronically delivered interactive videotex system specialising in tion on Third World markets."
For an annual subscription

of £3,500, a client gets a view-data screen and hard copy printer, and unlimited access to information which ranges from the latest Middle East news headlines and profiles on deci-sion makers, to business oppor-tunities and "nitty gritty" details on such things as import/export regulations. On File, which is backed

financially by ICFC, formerly the Industrial and Commercial Finance Corporation, is tiny now with six clients including British Petroleum and Merrett Syndicates, political risk under-

Mr Steven de Winter, On File's managing director, and former foreign editor of NRC Handelsblad, the Dutch business newspaper, believes the break-even point of between 150-200 clients will be reached relatively original.

relatively quickly. It is more, he says, than just form of electronic newspaper. A profile of an organisation's information needs is taken at the outset and the client can use his receiver to ask for specific information he needs. Up to a full man-day of editorial effort per request is included in the subsection

is included in the subscription. A few days before On File went live, the Financial Times and ITT Corporation, formerly International Telephone and Telegraph, announced their intention to collaborate to pro-vide an electronic news alert

puter, printer or telex terminal. In their different ways, both developments are illustrative UK and the rest of Europe, as well as the U.S., in data bases -where information is held in digital form and updated by computer techniques.

Mr Graham Lee, managing director of Geosystems, and chairman of the 50-strong British Association of Database Producers, believes the interest accelerating fast, particularly this year. For the first time small and medium companies are beginning to use data bases.

#### Pricing problems

The very technology which made the electronic dissemina-tion of information financially viable in the first place—such as packet switching—is beginning to cause pricing problems for data base owners. So much information is moving so fast that charging by time connected to the data base is becoming inadequate.

Geosystems is now charging by the number of characters transmitted — between \$2-\$5, plus 50 cents communication charge for each thousand charcounted by the computer.

Britain's tradition of publishing learned journals the English language and Lordon's importance as a financial centre have all encouraged the growth of the UK data base industry. Mr Lee believes. In terms of quality and

value added we in Britain are world leaders." he believes. Certainly, in Europe, Britain has become the number one supplier and the largest single data base market. A recent report on data base service in Europe by Frost and Sullivan, the international consultants, estimated the UK data base market last year to be worth

in the kind of information stored and how it is relayed to the client. The information for airline timetables and telephone directories, for example, is held on computer data bases but is then printed.

Market research organisa-tions like A. C. Neilson and AGB Research use off-line methods of distribution. The continuous survey material often comes in the form of magnetic tape which can then be run on the client's own

It is the on-line sector where the user is directly connected to the data base, often over a specially dedicated line, where the greatest growth has come.

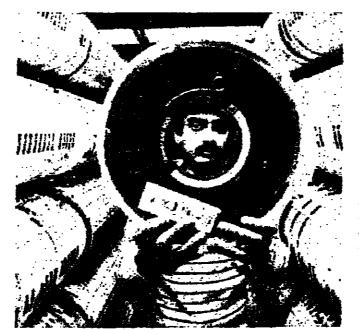
The provision of specialist financial and commercial information has taken Reuters to the top of the European data base league in terms of earn-ings, and made the international news agency record pre-tax profits of more than £36m last year. As expected stock market flotation could value the com-

Among Reuters financial ser-vices are the provision of money market dealing terminals which allow currency dealers to make contact in under four seconds, and negotiate and finalise deals

On a smaller and more con-templative scale the success of Reuters has been matched by the rise of Datastream, the City of London-based company which offers clients the ability carry out their calculations

Data is kept on 5,000 economic indicators for the leading economies. clients can use Datastream desk top terminals to carry out their own analysis on such topics as stock market performance and portfolio valuation. Turnover system.

The joint venture will market last year to be worth cent to £10.2m with On-line market information summarised from the pages of the FT each has \$150m worth of £2.34m took 40 per cent of the husiness information. Subscribers will call up the information through any communication of the system of the s in the year to June rose 23 per cent to £10.2m with On-line services, pre-tax profits of



#### TOP 20 SUPPLIERS TOP 20 SUPPLIERS OF DATA BASE SERVICES By 1982 revenues (Europe, all sectors)

Reak		Market share	Ran	Supplier	Mari shar K
<u> </u>	Reuters	17	λt	DRI	1.3
Z	A. C. Nielsen	15	12	GFK	1.0
3	Dun and Bradstree	12	13	Derwent	6.9
4	AGB Research	- 5	14	XDC:	0.8
5	Telekurs	3	15	CISI	6.8
6	VWD	3	16	L P. Sharp	0.8
7	Extel	2	17	AP/Dew Jeacs	0.7
-8	UAPT	2	18	Dislog	8.7
9	Datastream	2	19	SDC	4.5
10	Reed International	1.8	20	DAFSA/KOMP	A58 0.5
				Source: Frost en	d Sull-van.

Left: Some of the thousands of reels of magnetic tape stored at Baric Computing's complex at Feltham, Middlesex

## Ways of cutting phone bills

A RECENT study by the UK Treasury stated that central government telecommunica-Treasury stated that central government telecommunications costs for 1982-83 were expected to exceed £200m, of which half would be spent on call charges, about 40 per cent on the purchase and rental of telephone exchanges and some 10 per cent on private circuit rental for the Government telecommunications network which links 600 offices in the which links 600 offices in the UK.

too, phone bills for large multi-location companies can easily run into millions. The problem has afflicted many growing companies that have made piecemeal expansions of their telephone and telex networks. By simply adding lines and exchanges on an ad hoc local requirement basis, the network that gradually emerges can never be as cost-effective as one newly designed for the present size and state of the company and in the light of new tech-

In addition, over the years more and more employees need or expect to be provided with a telephone and to be able to use it freely. Today, when it is as easy to phone Sydney as Sydenham, escalating phone bills can be a significant drain. At a rather basic level, bars " can be put on PABX

Geoffrey Charlish says more attention is now being given to new systems that can cut network costs

is a simple screen and keyboard generation Until about 10 years ago, however, managements seldom knew which employees used their phones most and what the call destinations were.

Then companies such as Minster Automation, Interscan, Systems Reliability, Buzzle, Pitney Bowes, Norex, Auto-matic Switching, Datapoint and others began to offer computer-based monitoring systems that could provide complete statistical data about the use of every extension on the ex-

The early equipments were somewhat cumbersome and not always easy to use. Minster Automation's original "Tiger," for example, launched in 1972, used magnetic tape for storing the required data and was housed in 19 in racking.

"bars" can be put on PABX
"bars" can be put on PABX
The latest machines use extensions to prevent intermicroprocessors and compact and compact dialling access. With modern electronic PABXs, applying or facilities are being offered as changing the level of these bars an inbuilt facility in the latest is also possible for individual

for example. These systems scan each of the extension lines at intervals

of a few thousandths of a second so that if one is aken off the hook the system immediately registers the fact. It then records the number dialled, duration of the call, time of day, date and any other desired data, all of which is stored and can be manipulated into many kinds of presentation that can either be seen on a screen or printed out. The conversation itself is not, of course.

#### Savings

Originally these systems were aimed at large-scale PABX users where savings of 20 per cent were claimed, with pay-

phone users to keep an eye on how much they are spending. Under-the-phone units — from Monitel for example—monitor a call and tell the user how much he has spent at any moment. Savings in teleprinter opera-tion via store and forward message switching has been good business for companies like CASE and ITT. These have allowed an assortment of telex machines in various company locations to be rationalised centrally with a system that automatically routes messages in priority order, with auto-matic queuing. Increasingly, however, telex preparation and transmission are moving into the ordinary office from the "telex room," with what are essentially word processors. These allow the message to be perfected on-screen before a button is proceed for transbutton is pressed for trans-mission. Considerable cost

savings can result. Optimisation of big private voice/telex networks is a prime problem for company com-munications managers. According to Dr John Hunter, who looks after STC's own networks, the thorny problem lies in finding out just how an existing network is being used.

It is worth time and attention because over the years the net-work may have been expanded to suit needs which really no longer exist because the company has changed direction (as STC did on its divorce from ITT). Hunter thinks monitoring

walle stra

purpose than just finding out who is escalating the phone bills. If carried out at all the major locations with regural reliation of the data, it allows overall network traffic to be measured and decisions made about chamses.

Several consultancies (Pactel for emmple) offer services that case these problems and will indicate the configuration, type, give and cost-effectiveness of a private network But the fature value of the result has to the clarity of the communication maintain's

Hanter, buttever, says that it is at least possible to decide on a design that will be as insensia design that will be as insensitive to the fature as possible.

Money can certainly be saved.

Morwich: Union Inserance, for example, which previously used the public switched network extensively. Inok. The matter seriously in 1980 and commissioned Telephono Rentals to link up the company's three dozen or so offices. Savings of the (then) II. 25m annual phone bill resulted. The network has five main switching centres connected by wide-band circuits

nected by wide-band circuits and they radiate further con-nections to their surrounding regions.
As technology and liberalisation move on, more and more
options open up. One is the
inevitable convergence of voice
and digital data on to the same
transmission network and later,
the same switching systems. So
networks that are at the module separate—voice, telex and data—will in the long term be implemented as a unified whole. But it cannot happen until digital working is extended by the world's PTTs into the whole

This is beginning to happen with BT's Kilostream and Mega-stream circuits in the UK, which companies are already buying says Hunter, with a view to integrating voice and data. Corresponding moves are

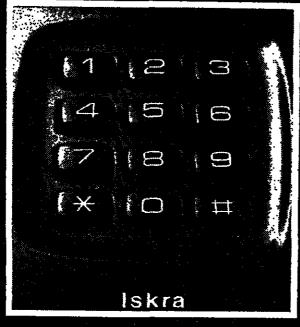
happening in switching as well, of which perhaps the most notable was the introduction by Pleasey of its IDX exchange in

January.
This is a fully integrated digital switching system, it will allow voice, data, facsimite, viewdata, teletext and telex to be handled, together with any future services that will come with the amplementation of BT's integrated services digital network (ISDN), System X and

Project Mercury.
The exchange monitored, since Pleasey sires network planning as "an area of key importance in the

1983 – world communications year

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 non-standard type exchanges for public and private networks Intercom exchanges and sets

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#### WORLD TELECOMMUNICATIONS XXVII





Above: Meterola's Dyna portable radio-telephone; British Telecom's Hawk cordless telephone (left) is a boon to anyone with a 'phone who frequently needs to move around—such as Mr Jeff Cook (seen here), of Walton Marine Sales of Walton Bridge, Surrey.

The portable handset is a short-range radio receiver and transmitter, complete with dialling pad. It has a ringing tone and signal light for incoming calls.

## Wall St. holds its breath on AT&T divestiture bonanza

SOME TIME before the end of some: Time before the end of the year Wall Street is due to be given its first real chance to evaluate the new U.S. regional telephone companies formed out of the break-up of AT&T and the starting bell will have been sounded for the biggest share split in history.

However Wall Street's job of evaluating new regional com-panies will have been made considerably more difficult by the Federal Communication Commission's decision one week ago to change a crucial part of the divestiture formula.

The FCC created a new climate of confusion over the effects of the break-up on the regional companies, long-dis-tance carriers and telephone users by announcing that it was postponing the introduction of access charges" until at least

Wall Street has been working on the assumption that the seven regional companies would quarter dividend payable on May 1, 1984, issue pro forma financial statements and 1984

earnings estimates. A few days later shares in

#### ITS at Telecom 83

ITS (International

Telecommunications

Services) has been involved in the international telecommunications business for the last 11 years and has established a fully integrated worldwide maintenance and support service. The ITS client list currently includes over 80 airlines, SITA (Société Internationale de Télécommunications Aeronautiques), several international banks, press agencies, multinational companies as well as government departments and ministries. ITS already has an established network of 51 maintenance sites in 24 countries and is continuing to add more sites every year. The Company employs over 250 highly trained technicians and engineers who are ready to move anywhere in the world, at short notice, to install and maintain vital communications links. ITS is able to install, maintain and support an entire communications system with contracts designed to meet each client's personal requirements—up to 24 hours a day, 365 days a year, worldwide. ITS services are truly unique. ITS provides complete maintenance and control of a system, no matter what the hardware mix, or the number of installations involved. This saves ITS customers hours (sometimes days) of frustrating fault-

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to maintain a system.

companies are contracted

tracking and blamesharing which arise where, in a standard

solution, several

The new U.S. regional telephone companies formed out of the break up of AT & T are generating a new sub-industry in their evaluation, says

Paul Taylor

the new companies are due to begin trading on a when-issued basis. But the actual stock split pany's 3.2m shareholders will can deposit all the new shares, probably not receive their new including fractional shares, in share certificates until Februone of the regional company's

ary at the earliest.

The basis of the share distribution scheme is that for every 10 old AT&T shares an investor will receive one share in the new AT&T and one in each of the seven new regional holding

The share split itself is generating a whole sub-industry on Wall Street and elsewhere. The task of sending out the new shares is massive. With almost 1hn shares outstanding, one out of every 10 U.S. shareholders will be affected by the share split. Two-thirds of AT&T's 3.2m. shareholders own fewer

than 100 shares. Shareholders will be faced with a number of difficult and complex choices following the share distribution — some re-lated to the terms of the distri-bution itself.

A shareholder who owns fewer than ten AT&T shares at present will receive a cheque

Shareholders owning between 10 and 499 shares have three choices. They can take all their is not due to take place until new shares and a cash payment January, and many of the comfor any fractional shares. They

> Finally they can arrange, through AT&T, to trade or consolidate the regional shares—for a fee of 25 cents per share traded—in one or more of the regionals but not in AT&T itself until April 15.

dividend re-investment plans.

About 77 per cent of share accounts representing 30 per cent of all shares outstanding fall into this group.

Shareholders with more than 500 shares will receive the new regional shares and cash for any fractional portion and can then either enroll some or all of the shares in a re-investment plan or buy or sell the shares through regular trading chan-

Small investors

However, there is now another alternative for all shareholders. Almost all the major Wall Street firms led initially by Merrill Lynch, have established so called "humpty diments" and

its better than average yield and steady but until last week, un-exciting growth, Wall Street reasoned that these people tend to be cautious and con-servative—ideal candidates for a variety of mutual funds de-signed to take over an indivi-dual's entire AT&T holding and manage it for him.

The primary advantages of such funds, as seen by the Wall Street firms, is that they mini-mise an otherwise cumbersome administrative task for the small investor while also main-taining the principal attraction of investment in AT&T—simplicity.

Instead of receiving 32 quarterly dividends and facing the problem of ploughing through eight annual reports the fund investor will simply swap his shares for units in the fund and receive 12 monthly

An added attraction is that the scheme is tax free because it represents a swap but fund investors generally will have to pay a 1.5 per cent sales fee to the investment firm.

Many of the recently formed funds also offer additional faills including options to convert to managed broader-based telecommunications growth funds or to consolidate holdings around any of the eight companies an important factor since most share-holders are expected to have more regionals.

For many the funds, which become operational next month. may simply offer a breathing space before taking the plunge and deciding which analysist's advice to follow.

In the meantime the telecommunications enalysts on Wall Street are working overtime. Almost every Wall Street investment firm has produced, or is about to produce, a report attempting to evaluate the for the fractional shares of the regional companies. Salomon Brothers says about 17 per cent of all share accounts representing about 23m shares fall into this category.

War Steet Introduct the steet at the initially by Merrill Lynch, have prospects for AT&T and the regionals after divestiture. Another bunch of reports is Since a large proportion of expected after the companies and this category.

## The seven regional companies

THE NEW regional companies: the first commercial application and a business equipment and Nynex: bringing together New of a videotex system in conresidential telephone sales sub-York Telephone Company and junction with Knight Ridder sidiary. Nynex: bringing together New York Telephone Company and New England Telephone and Telegraph Company, is one of the most profitable regional companies and has invested beautiful in using year technology.

including optical fibre.

It has a stable but extremely wealthy population, is not expected to be an aggressive years. Its territory covers 45 per participant in new business cent of the U.S. which means opportunities involving high that it will lose a lot of long technology—in part to offset the mill concentrate on picking the new businesses it will enter only on what it believes will one what it believes will man, says: "What our marketing ready formed subsidiaries to

average investment per access line, and among the fewest employees per line. The company is planning an aggressive diversification strategy. Bell Atlantic says it is examining joint ventures,

acquisitions, and new ventures that would complement its existing service. Last month the company amounted an agreement with NEC to market its advanced Neax 2400 PBX. Bell South: the largest of the seven regional companies and has the reputation for embracing new technology with "religious fervour." With the fastest growing population the company also has the highest return on equity and capital within the system. on equity the system.

newspapers in Florida.

• Ameritech: the company the most profitable regional covers five states; it has the companies and has invested most consistent record among heavily in using new technology including optical fibre.

The content of the company covers five states; it has the most consistent record among the regionals and the highest productivity.

provide the best return.

Bell Atlantic operating in another slow growth area Bell Atlantic has the lowest debt ration for the system, the lowest average investment.

The company which has alman, says: "What our marketing ready formed subsidiaries to plan tells us is that the future vices, yellow pages and for exotic services we can provide mobile telephone wiring and maintenance which ration for the system, the lowest average investment. vide." The five local telephone companies making up the region are expected to be in the fore-front of cable TV link-ups and

cellular mobile telephone service in Chicage. to its corporate structure. Slightly higher debt to equity Another fast-growing region ratio.

The company is expected to past have been limited by an be one of the quickest to diver-unfavourable state regulatory sitv. environment although this is

expected to improve. Mr Zane Barnes, who was elected chairman at the inaugural meeting earlier this month, has said he intends to The company plans to concentrate on the telephone trate on "just meeting the business rather than diversify-demands for voice and data ing. Southwestern will have communications." It also bossts yellow pages, mobile telephone

sidiary.

U.S. West: has the second highest number of lines served by electronic switching and is the only company to report a return on equity over 11 per productivity. Ameritech is cent for all of the past six expected to be an aggressive years. Its territory covers 45 per

tends to push into unregulated business ventures.

Ameritech earlier this month Pacific Telesis: has the lar-introduced the nation's first gest operation in a single state cellular mobile telephone —California, but has suffered service in Chicago. in the past from rapid growth

Southwestern Bell: the new coupled with a difficult reguregional company comprises latery environment. As a result, just the one Bell operating it has been one of the least-company and is expected to experience the least disruption and will be spun off with a supplier with a su

Mr Donald Guinn, the chair man, said recently: "It is our intention to have a whole array of separate business and profit Mr Guinn is also confident that the regulator environment

Paul Taylor





Five years ago the Kingdom of Saudi Arabia launched an ambitious program to extend and improve its national telecommunications system.

Today, the objectives of the plan have been exceeded. The system has grown faster than any other national telecommunications network, while the quality of services has improved dramatically.

Recognizing that more than high-quality, ultra-modern equipment was needed, the Saudi Ministry of Post Telegraph and Telephone called upon Bell Canada's century of operating experience to organize, operate and manage the fast-growing system. Today, the system is as advanced as any in the world.

Bell Canada's experience has been gained in Canada and around the world. Founded just six years after Alexander Graham Bell invented the telephone, in Brantford, Canada, the company now operates more than 10 million telephones, and over its vast network move data and video signals as well as 14,000 million telephone conversations annualiv.

It serves large metropolitan centres, small towns and rural areas, from the peach-growing region of Southern Ontario to the ice-bound Arctic, over a territory larger than Western Europe.

In the international sphere, Bell Canada international has successfully completed contracts in more than 50 nations on five continents. In 1982, it was involved in 55 projects in 28 countries.

This consulting arm of the Bell Canada group of companies provides consulting and management services; undertakes turnkey projects; assists in the planning, organization, operation and maintenance of telecommunications systems, and provides training for telecommunications

Bell Canada International's clients include both public and private telecommunications organizations, special common carriers and defence organizations.

Among the Arab nations, Bell Canada International has served Algeria, Iraq, Kuwait, Lebanon and Saudi Arabia. Currently it is providing modern digital switching systems, maintenance and training for Iraq. It is also involved in telecommunications developments in several African nations, in Trinidad, Colombia and Venezuela, and is providing expertise in digital technology for clients in Europe and the United States.

For many nations, Bell Canada International is the indispensable factor in the development of telecommunications systems.

**Bell Canada** International



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The multi-feature Standard Station. The cost-effective Featurenhone, Standard telephone sets. And the DSS onsole for instant call transfer and do-it-yourself system reprogramming without the need for a professionally-

Key bx handles up to 28 trunks and 64 extensions. Its functions include on-hook dialing, two-way hands-free intercom, speed dialing, message-leaving with automatic callback, single-key 5-party conferencing, and 23 other Key bx is a product of the Telrad R & D group-

a dedicated interdisciplinary staff whose efforts have been rewarded by multimillion dollar annual export sales. Key bx-born in Israel to keep the



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Ovnat Karmon Shiffini Nataman

The technology being installed is making possible services of a speed, capacity and reliability not seen before

## Pace of change for banks is quickening

CASH MAY be the lifeblood of the banking system, but the telecommunications lines which span the globe are

Every working day, billions of pounds expressed in every currency imaginable, move between banks, their branches and their customers as a series of electronic

pulses travelling along telephone lines.

And this is only the beginning. All the world's major banks are gearing up for a future in which the face they present to their customers will be simply a video screen in the customers' own office.

This screen-it could be a professional computer or a viewdata television set-will allow customers to delve into the banks' own computers for the financial information and facilities they require.

By ALAN CANE

But the pace of change is

The amounts of money the banks spend on telecomunica-tions and data processing is enormous. In 1981, Chase Manhattan, admittedly one of the leaders in electronic banking, spent some \$200m on data processing. By 1983, the annual allocation was \$335m, a 67 per ever, to assume that the banks are relative newcomers to cent jump in two years, broken down as \$102m for developphone, telegraph and most important, telex, have long proment, \$38m for maintenance and enhancement and \$195m vided important communicafor the actual running of the

Ms Elaine Bond, senior vice-president at Chase for corporate Ms Elaine Bond, senior vice quickening. Mr Philip Hughes, president at Chase for corporate chairman of Logica, a presti-systems said in London recently: gious UK-based systems com-"The specific areas being developed as part of Chase's pany with extensive experience of financial data communications told a recent European Financial Marketing Association (EFMA) conference: "Of all the technological developments, major systems thrusts are united by a common theme: to ensure that our customers and employees throughout the world can access, exchange and manithe change in the communicapulate data in the most cost effective way possible." tions environment is the most

She went on: "The applica-tions projects number in the hundreds—they include manage-ment information systems, elec-tronic mail plus additional thrusts for plant modernisation such as the new treasury dealing room in London and our of automatic

"We are working on a global management information systems programme that will allow us to analyse data and provide information for management and regulatory reporting for commercial customers, agreements with them, commerEurope to establish what they call an Integrated Services Digital Network (ISDN). This will allow for very high reliability,

#### Dramatic

So the technology is being slotted into place to make possible banking services of a speed, capacity and reliability not seen before. How will this affect existing services?

The most dramatic use of telecommunication by the world's banks in the last de-"While the familiar fixed leased circuit networks of the cade is arguably the emergence of SWIFT, the Society for banks will remain the mainstay of branch banking networks for Worldwide Interbank Financial Telecommunications. Neither, bank nor telecommunications carrier, SWIFT links its memsome years to come, the advent of new technology and new ser-vices both between sites and within offices (local area net-works) will lead to major bers through specially designed changes.
"The first major change is the development of a variety of data processing and networking

Its purpose is to provide automated international transaction vices among and between mem-ber banks. In simple terms it is

Swift is not the only such mechanism, however. The major banks are installing their own global datacommunications networks of the sort that Elaine Bond has described. In New York, city clearing is handled by the CHIPS system; in London it will soon be the prodon it will soon be the pro-vince of CHAPS.

general manager, is well aware of the apparent conflict: "One of the society's problems is that the international banking community tends sometimes to think of Swift in opposing ways. There are banks that accept the conception of Swift as being purely an international payments processing system. cessing system.

"Although the processing and transmission of payments transactions certainly is the principle function of the system today, new initiatives have already

#### Challenge

Mr Reuterskold argued that Swift must take the middle way: Bond has described. In New York, city clearing is handled by the CHIPS system; in London it will soon be the province of CHAPS.

Mr Carl Reuterskold, Swift general manager, is well aware of the apparent conflict: "One developments and various developments and various developments and various developments." development in private bank systems, national systems and emerging public systems."

The range of telecommunications-dependent systems being built by the banks ranges from the branch processing networks where a number of terminals or personal computers within a single branch are linked together and to the bank's headquarters machine to the massive systems established for world

Los Angeles: in the City, (left), overlooking St Paul's Cathedral, is one of the 80 Harris microwave antennae installed on the capital's roof(ops under a film contract for British Telecom. The 13 GHz transmitteris the way of the future for the computer. Each morning with matten systems and home shop-big banks and their corporate customers. Pioneered by Citi-bank, it means the installation delly financial position with one what is arousing most interest bank, it means the installation of a video terminal in a corporate treasurer's office so that the treasurer can examine his cash balances in every

account world-wide, analyse his

exposure and make decisions

Dish zerials sprouting over London and

about investing surplus funds. As an activity, it is hardly new; corporate treasurers have always been judged by their skills in juggling their balances. What is new is the speed and efficiency of systems like Citibank's Citibanking, Chase's Infocash and Bank of America's Bamtracs.

For some banks-Citi is the obvious example—only a privately leased network of lines will do. Others use proprietary networks owned by major computer services companies like Geisco or ADP. Elaine Bond of Chase said: "Chase's wholly-owned sub-sidiary, International Data Cor-poration, a time-sharing bureau,

or several banks.

"Previously, getting this information required reliance on time-sharing terminals, tele-phoning each book individually then manually performing the calculations."

Telecommunications is also the key to personal banking for the retail customer whether

In the U.S., Chemical Bank, well to the fore in home bunking experiments has now launched its system "Pronto" which uses domestic personal computers.

man banks including Deutsche Bank and Verbraucher Bank use

nother important Italian contribution to the development of world commu

receivers are being used in MTs City Over-lay Network for both telephone and computer data traffic.

Above: a Harris microwave installation on top of the Crocker National Bank, over-looking the Los Angeles skyline.

What is arousing most interest at present, however, in the UK at any rate, is the prospects for the installation of a nationwide electronic funds transfer system at the point of sale (EFT/POS) — the beginnings of the respices society.

The clearing banks have now the key to personal banking for the retail customer whether through viewdata-type systems where the domestic television set and domestic telephone are linked to a central computer file carrying details of the customer's account, or a domestic personal computer.

Cashless society

The clearing banks have now agreed to give the scheme their blessing; what remains to be decided is what form the aystem will take. There is no argument about the communication medium: it will be British Telecom's packet switched network, a way of moving computer data at very high speed and with high reliability by splitting it into small packets of individually addressed and transmitted. The clearing banks have now

experiments has now launched is who will pay for what, who its system "Pronto" which uses will provide the relative terminomestic personal computers.

In Europe, a number of Gerallows access to the BT netcan harbe including Prostated.

